POSTWAR ECONOMIC SOCIETY

ADDRESSES
delivered at the Third Series of Conferences
of the Institute on Postwar Reconstruction

Edited by
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FOREWORD

This volume contains all of the addresses delivered during the spring of 1944, at the third series of Conferences of the Institute on Postwar Reconstruction, on the general topic, POSTWAR ECONOMIC SOCIETY. Previous Conference series have been published by the Institute under the titles, *Full Employment and Minimum Living Standards* and *Postwar Goals and Economic Reconstruction.* These addresses have been prepared by outstanding economists and by leaders in the field of government, labor, industry, and the professions. Brought together in this form and carefully indexed, they will contribute not a little to satisfy the ever rising demand for critical analysis of some of the more urgent economic and social issues which now confront this nation and for authoritative statements as to the policies which may be adopted toward these issues in the period of transition to peace.

The relatively limited number of institutions treated in this volume may hardly appear to justify the somewhat generous implications of its title. The reader may, however, be reminded that many problems which might have been treated here have already been discussed in the two earlier volumes of the Institute mentioned above. Discussion of other subjects will appear in subsequent publications.

In the very first address, the mayor of the nation's largest city identifies some of the outstanding social goals to the realization of which every plan of postwar reconstruction must give priority. His discussion is followed by an examination of recent trends in organized labor, in at least one wing of the organized farm movement, in the Cooperative movement, and in medical practice. In addition there are discussions of monograph length on the special problems of cartels, the reconstruc-

tion of cities, our postwar merchant marine, and the economic effects of wartime population shifts.

Readers will take note of the fact that those invited to speak at the Conferences of the Institute represent every shade of political and social opinion and that, in consequence, these addresses are premised upon no common set of philosophical ideas or ideologies. They will also understand that neither the Institute nor the University assumes any responsibility for the opinions which may be expressed. That responsibility attaches solely to the respective authors. The bibliographical material printed at the end of each address will direct the reader to some of the more significant books and articles dealing with the subject matter of this book. The authors are not responsible for these bibliographies, which were prepared by the editors.

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PERSPECTIVE IN POSTWAR PLANNING

FIORELLO H. LA GUARDIA

There has been a great deal of speechmaking on postwar reconstruction but very little, if any, progress. In considering the postwar situation, my discussion will be based on the assumption that we will not adopt and follow an isolationist policy after the war. For the purpose of this discussion I am assuming that we will enter into some sort of a world agreement for the maintenance of peace and for the proper distribution of natural resources and an equitable system of exchange of surpluses. If that does not happen, then of course everything upon which I base my talk falls by the board and we will have to adopt some other system, temporary of course.

We must face the postwar situation factually and frankly. We must not approach it from the hustings or the stump in a political election. More licenses are taken there than in poetry. A great deal of our future will depend upon the clear and intelligent thinking of the American people. We have to face a national election this fall; and here is always the danger that an epigram or a slogan may spoil a well-prepared campaign. There is one fundamental problem that we must solve that a great many shun. No one expecting to run for office nationally, or for any office covering large territory, likes to face it. But we must be perfectly frank about it. It is the problem of States' rights versus federal centralization.

I do not believe that there is a high-school student or a freshman in college who could not present a plan for postwar reorganization. Every one is presenting plans. We are not at a loss for plans in our country. It is the execution of a plan, the sincerity back of it, and the ability to make it work that present difficulty. Great Britain will have a plan and Great

Britain will put that plan into execution in all likelihood before we do. The reason for that is very simple. Great Britain's problem in executing a plan is forty-eight times easier than ours. Her government is centralized.

And that brings me to the fundamental question which I said men in public life hesitate to bring up, the question which a great many dodge and a great many also use as the weapon to oppose any progressive, constructive, necessary change in our economy. It is the old-time question in our country of States' rights as opposed to a strong central Federal Government. That is the one question that must be solved before we know if we will be able to form a new society, an equitable and just economy, and a better country in this better world that we are trying to establish. You will find few who are willing to discuss that subject. But it cannot be postponed, nor can it be dodged. You will find a great many who will talk about postwar plans, who pour out their hearts for a better life, but who will tell you there must be no interference with States' rights, or encroachment by the Federal Government on States' rights.

I

Originally, of course, the States' rights people were the liberals and there was a reason for that. There were thirteen distinct, separate colonies, with no means of communication except roads, no telegraphs, and very slow and irregular mails. Consequently, the only hope the people had to control their government was through the medium of a local, State government. All that has been changed. The distances exist no longer. Owing to the rapid pace of communication, what were once agricultural sections have in many instances become manufacturing sections in our country. During the most try-

ing period of our history we saw an attempt to remove one obstacle in our Constitution, that of slavery. The owners of the slaves and those who profited by that ownership resorted to the principle of States' rights in an opposition to what was then a determination of the majority of the people of our country to abolish slavery. It was the question of States' rights that caused the Civil War; nothing else.

And then we entered into another period, that of the rapid, phenomenal industrial development of our country following the Civil War and the construction of our railroads and the building of the West. When it was found necessary during this period to control some of these enterprises and activities because of abuses, we again found those having a special and selfish interest, resisting the power of the Federal Government to regulate commerce and transportation. Again they resorted to the principle of States' rights.

Not very long ago in what now appears to have been an economically unimportant and, if I may say so, a useless, short period of our history, we had prohibition. We then saw those opposed to prohibition seeking to invoke States' rights for the sake of rum. It was amusing to me to see my colleagues, with whom I sat in the House of Representatives, who were strong federalists, suddenly becoming States' rights champions. Rum was not the important issue. I did not fight prohibition because I was particularly concerned; there were other reasons for opposing prohibition.

II

And now we come to a period which I believe to be, without exaggeration, as important to our country as the period preceding the Civil War. The question before us now is: Will we employ the genius that we have and use our God-given re-

sources to bring about a better society, a land that can abolish poverty, or will we get all snared and snarled and tangled up in an abstract issue of States' rights and lose the one big opportunity of our history. A change, mark you, is coming. The immediate question before us is: Are we going to bring it about in an orderly fashion, intelligently, constructively, with well-laid-out plans, or are we going to bungle it, lose the opportunity, go through a terrible period of distress, confusion, disorder, and chaos and then be compelled to adopt some makeshift system in a hurry, and perhaps lose a great deal that we are striving to hold?

When we talk about the postwar period, what do we mean? The problems of this period are past the high-school debating stage. They are real. They are before us now for decision. First let us take the facts that are not contradicted. We know that we will have 10,000,000 men demobilized. We know that we will have as great a number, if not a greater number now employed in war industry, without employment. We know, through no ability of our own but because of a very generous Providence, that we can grow more in this country than we can consume. Now, mark you, I said, "consume." I did not say "buy." That idea is gone and gone forever. We never knew exactly how much more we could grow than we could consume because a great many people in our country have never had the opportunity of having all that they needed. I am talking now about production and need. We know, also, that, with the progress and development in our industrial society and the use of machinery, we can manufacture more than we need with less man labor than we have used heretofore.

None of these facts is contradicted by any one. They are all accepted. That is one side of the picture. On the other side, there is our manpower; and we know that under the existing

system it cannot all be employed. We also know that the number employed cannot earn enough to buy from the production side all that it takes to feed, house, clothe, and support the entire population. No one would dare contradict those facts. Therefore the problem before us is, how are we going to get these two together? How are we going to provide employment? How are we going to create a proper distribution of this God-given production and man-made goods? And how are we going to meet the problems of today—problems that Great Britain is facing courageously?

III

The key problem is unemployment. We must solve that. I have had some pretty hard years of experience with the unemployment problem as the Chief Executive of the City of New York during the terrible years of the depression. The second is destitution and poverty caused by sickness. The third is inability to work because of age; and the fourth is the destitution of a family because of the death of the bread-winner. All these problems are embraced in what President Roosevelt refers to as "freedom from want."

The solution of these problems depends entirely upon the courage we can muster to adjust our present economy to meet the new situations and the new world that we are seeking. Do not call it politics. It is not a political question. It is basically an economic question. We must be prepared to make adjustments which will make great changes in a great many things that we have been accustomed to, politically, socially, and economically.

Let us consider unemployment. There is no use fussing and playing around with words on that. An unemployment insurance system can only survive where there is no general

unemployment. That seems paradoxical; but we cannot support an unemployment system when we have seasonal work, and when we have long periods of unemployment. Hence our unemployment insurance system must be predicated on a system that provides employment. Then it may be able to care for those who through no fault of their own find themselves without employment. And that number will increase all of the time. We cannot have forty-eight different systems of employment insurance. There must be *one* system, national in scope and in its provisions. And when any one starts to talk about this goal and declares that we must not disturb the rights of States, then that person is either playing politics, or is ignorant or untruthful. He may have his choice. It just cannot be done any other way. We must provide a national system of unemployment insurance. Such a system, after we have freed our people from want, will cost very little. There is no sense to the present system, which eliminates the large groups that chronically suffer unemployment. We must provide a national system that will take care of all men and women who work for a living.

In adjusting our government to meet the need of the common man, we shall encounter a great deal of opposition from a few labor leaders who do not care to see stability and security. We shall always have need for self-protecting organizations of men and women; but we can readily see that when security and permanent employment are achieved, there may not be so many jobs for those who direct organizations which seek social improvement. That job will have been completed. You may have a lesser number of undertakers too, at least for a while, because people will live longer.

We must also adjust ourselves to larger all-embracing labor organizations, because men will have to adjust themselves to

new crafts and new methods of construction. Such a thing as a jurisdictional fight on the question whether a carpenter or a metal worker will have to put up a metal strip in a room just will not be permitted. Many of the arts are obsolete. If we stroll through Central Park in New York just now we may see an old-fashioned cab; but there are only three or four of those cabs and their drivers in the city. They went out with the automobile. Today countless ways of doing things must give way to new methods. All this change will create greater wealth; it will improve methods of living. It will also stimulate and create employment, although inevitably it may displace some individuals.

And that brings us to another point in this unemployment situation. Labor leaders think they know something about this point but I have devoted all my life to its cause. I burnt all of my bridges ahead of me for labor. The point is a security wage. I believe in a security wage. I believe that annual employment with a freely established monthly wage is security. A high hourly rate without guaranteed employment is insecurity. During the last ten years and especially during the depression I could have put a great many men to work; but those who had the jobs refused to permit me to do so.

Let me give you one instance. At one time I was endeavoring to settle a truck-drivers' strike. We could have put some fifteen hundred more men to work. The trend now is for a shorter week. That will be necessary in this new age we are seeking; but a shorter week presupposes more employment, not less employment. Both sides in the strike were in agreement on the shorter week; still they could not agree. Those who had the jobs wanted to spread that shorter week through the six days of the week and work overtime every day, thereby not putting a single extra man to work. And they won out.

In the City of New York, we have bridge painters getting, I believe, $15 a day. They cannot work in bad weather, so their days are limited. But I know that their families and their children must eat every day. And I know that they must pay rent every month. So I conceived the idea that we could put them on an annual wage; and the days they could not paint bridges, they could paint something else. We started them off at a salary of $2,520 a year; I think they are getting an average of $2,700 now.

But the painters refused to take the jobs on this annual basis. They quit work and, exercising their rights, they picketed City Hall with a placard reading, "Mayor Unfair to Bridge Painters." They did not say anything about the $2,700.

Finally, the wife of one of the painters wrote to me. She said, "Mr. Mayor, you have always been fair to labor, how is it that Pat can't get work? He has been with the City fifteen years. It is not fair; we have so many children. . . ."

I replied to her as follows: "You are absolutely right. I do not think Pat, who has worked for the City so many years, ought to lose that job. He has a pension right. If he is sick we will take care of him. Tell me, Mrs. Blank, which do you prefer, $15 a day, which Pat doesn't get for 150 days a year, or a check every two weeks averaging about $100?" The next day Pat reported to the Commissioner: "I want my job." And the day after that, my good friends from the building trades, a whole delegation, came in and they said: "Mr. La Guardia, for goodness' sake listen. Do what you want but don't write to the wives, will you please?"

Now to use their old phrase, they feel "La Guardia's 'nuts' on the annual wage." I am. Because it is right. The businessman who borrows money from the bank always pays the bank interest on 365 days a year. If he owns cattle or horses he must

feed the cattle and the horses 365 days of the year. And therefore, we must provide for annual employment. And annual employment on a fair equitable basis will bring home more to the families than a high hourly rate without the security of employment. I have worked out a formula that will bring annual employment, will increase the income of the worker, and decrease the cost of operation. Now that sounds like a mathematical paradox; but it is true nevertheless. And so, in establishing this system of unemployment, it must be on such a sound basis that at no time will any able, willing worker become destitute. It is not a difficult matter at all.

But we cannot have the cake and not also have a little bitter with it. And that means that we will have to establish rehabilitation courses and employment for those who cannot produce; and compulsory work for those who refuse to work. This new society is based upon workers, men and women who will produce, not those who refuse to work. That must go with the system of security, of employment and of income. And let us not forget our basic principle; it must be uniform.

IV

I hesitate to speak about the next question, that of destitution or unemployment because of sickness. I am just a little bit discouraged about that. I have been working on it incessantly for several months. We have a plan I want to establish in this City in the event that a federal plan does not go through. I see nothing difficult in it, except the human element, always the big stumbling block. It is the problem of controlling the operation and administration of the system, checking abuse on the part of the patient and on the part of the doctor. But I do not see why that should be an insoluble problem.

In 1928 I was in Berlin. I was a delegate from our Congress to the Interparliamentary Union. Now Germany has had health insurance for a long time. She had it even before the last Kaiser; so I inquired into this problem of administration. I got their law books and their regulations; and I visited some of the clinics and administrative offices. To the attendant I said, "You provide here so many visits—how do you check, how do you know when those visits were made?" He said, "The doctor sends in his report." I then asked him how he knew that the patient was really ill and did require a doctor. To which he replied, "The doctor certifies to that and the patient certifies to that." "Well," I countered, "how do you meet the problem of collusion and fraud?" He looked at me and said, "That never happens." And it was true, it just did not happen.

Some of us know what we went through only recently in workmen's compensation in New York State. It is a most disgusting situation. It is this human element that constitutes our big stumbling block; and we must meet it, we will have to meet it. We are certainly prepared scientifically for health insurance. There has been so much progress made in medicine in the last century, it is so far ahead of government, that if medicine stopped for twenty-five years, we still could not catch up with it in my profession. At any rate we know the cause of sickness and we know how it can be prevented. We know how much of it can be cured. And to think that with this knowledge and with these facilities, people in our own City must linger and suffer and die is a rather sad commentary on our society.

Now in our City the very poor can get the best of medical and surgical services. We provide for that. The very rich can get it. But if a catastrophic illness or a major surgical opera-

tion hits a family of the middle-income group, the $2,500 to $4,000 family, that family's budget is ruined for a year. Even the routine dental work that the average child requires in the middle group is a ruinous financial burden; and many times the child's teeth must be neglected. That should not be.

Once more, however, I say that we cannot have a local system of health insurance. We may be compelled to set up a local system in New York City; but it is not the ideal. If the war had not intervened we could have eliminated tuberculosis in our City in twenty years. That is, we could do so if we could prevent infected persons from coming here. With our prenatal care, our maternity care, our baby health stations, our provision for unemployment, and with proper housing, the demolition of unsanitary firetrap tenement houses, and the building of modern, low-cost dwellings, parks and playgrounds, we could "lick" tuberculosis.

And we will continue on our program immediately the war is over. We have $126,000,000 and the plan is being prepared now. We can start construction immediately following the war for low-cost housing. There are several thousand condemned buildings which we shall order vacated as soon as we have accommodation for the people who are residing in them now. We expect to expand our health-insurance program; but, as I have said, we cannot absorb the infected people coming from other sections of the country. Therefore, it becomes necessary for our own protection that there should be proper health services in all parts of the country. We must have a national system because a germ or a microbe cannot recognize a State line. He will crawl over.

Now as to the third problem, that is, destitution of dependent children brought about by the death of the wage earner. I feel, and the vast majority will agree, that the best place for

a child is in the home. I think that has been generally accepted. The federal, State, and local governments provide for the care of these children, if the mother is widowed, paying the mother for support of the children, instead of putting them in an institution. That is as it should be. But here again the policy must be national. If we extend such treatment and make it uniform, we will abolish poverty caused by the death of the breadwinner.

Then there is that other social question, to which we alluded, the question of superannuation, the care of the aged. Its solution requires us to be practical. As we proceed into this system of security and public health, the need for retirement at the age of seventy will fluctuate in accordance with the manpower situation. Normally any one reaching a retirement age will have to retire and not be allowed to take employment unless all of the unemployables are employed; otherwise our old-age pension will not serve any useful purpose to society.

In New York we recently retired some 827 police officers from the Police Department. True, there is a man shortage now. Most of these retired policemen will go out and take employment. That is all right now. But in peacetime, when one has aged and earned retirement, he must not be allowed to compete with one who has no pension; otherwise the tendency will be to bring down the wage of that individual and displace the head of a family who has no income. We must approach these problems practically and sensibly. Security means just that: work so many years, earn your retirement, and then enjoy your retirement.

V

In the postwar period, we must also have a system of free education, both primary and secondary throughout the country, and complete abolition of child labor. The father of a child

must be assured an income sufficient to care properly for that child so that he need not seek extra employment.

And along with these changes must come a complete revision of taxation. "Revision," however, is too mild a word. We must have a complete new system of taxation in our country. There are too many tax-collecting agencies—municipal, county, school, road, park, sanitation, State, and federal. They overlap; they duplicate each other. They encroach on each other. That must all be simplified, through one collection agency, with the proper distribution of the revenue, local, county, State, and federal. It is so easy to say, it is so logical, it is so necessary; but none of us, unless he has served for many years in Congress, can fully appreciate the difficulty of putting that across. It will have to be done. If it is not done there is going to be a complete collapse of our taxation system in this country within five or six years.

In a few months from now we are all going to hear about reduced taxes. Wait until October (1944) comes. But there cannot be any tax reduction for a long time. We cannot reduce expenses. It may be necessary for our government to take over one or two of the natural resources of the country in order to meet the financial situation.

We must, of course, achieve an enormous production for use in order to begin to meet the requirements of our Federal Government. The national income before the war will not do it. And therefore, we have to create this means; we have to provide this employment; we have to establish a system whereby all the people of the country will be properly fed, and clad and housed.

VI

You will hear discussion here and elsewhere on free enterprise. I was very much amused a few days ago when I appeared

before a committee for the postwar public-works program of the House of Representatives. I heard a great deal of opposition to any help from the Federal Government. A gentleman who is one of the strong opponents of any federal grant to State or local government was testifying. He stated there should not be any such aid. Then he gave his formula. Lo, and behold, he proposed that the government should guarantee loans to private industry!

I do not know whether we are going to have less government or more government; and I come in contact with a great many men who are in charge of big undertakings—bankers, investment bankers, manufacturers, railroad and steamship executives. They are intelligent men and they greatly oppose any government supervision or control of their own business; but they see the necessity of regulation over other kinds of businesses.

Sometimes I feel that if the consequences would not be too disastrous, I would like to see the antitrust laws repealed, the Federal Reserve Bank System abolished, the Securities and Exchange Commission terminated, and the Interstate Commerce Commission and the Federal Trade Commission abolished. What would happen? Why, we would have the greatest wave of prosperity in this country for twelve months that we have ever seen; and after that spree we would have a complete collapse of everything. I expect I am getting a little old now to remember things; but I never saw a more scared bunch in all my life—and, mark you, I have seen a great many shell-shocked men—than the bankers of our country in 1932. Oh, were they scared! But they seem to have forgotten all that now.

As for foreign trade, we just cannot have the kind of exports and imports we had before the war. It will not be that kind of

trade. We have to take everything that the world produces. Let us consider wheat. Now that we can foretell the weather, we know how much wheat we will have. In the United States, Argentina, Australia, Canada, and Rumania, we know we are going to have so much wheat. We know, too, how much these countries will consume. Then we have to pool that surplus; we have to get it into China, into Japan, into Italy, into the great consuming, nonproducing countries.

Let us take sugar. Sugar in this country was subsidized long before I went to Congress, and I went to Congress twenty-eight years ago. We subsidize the beet and cane sugar and, in addition to that, we establish quotas to give additional protection. Yet we have Cuba, Puerto Rico and the Caribbean Islands, Hawaii and the Philippines which produce the sugar. To each of them we have moral obligations. Therefore, under this new system of exchange of surplus commodities, we should not raise a pound of sugar in this country, but give these countries the benefit of things that we make that they cannot make.

Finally, let me cite a situation that is going to be quite an issue. Regardless of what has been said, we have developed synthetic rubber, and of course the technique is improving. It may be that we will make very good synthetic rubber. Yet if we are sincere and if we do our part in this world arrangement to avoid wars and remove want, we will have to scrap every one of our synthetic rubber plants, buy the natural rubber, and bring up the standards of those poor natives of the countries that produce rubber so that they can have shoes and so that they can have food. Some one has queried, "Are we going to provide milk for the Hottentot children?" That was supposed to be funny. I did not laugh at that. I did not think it was funny. The answer is "yes." If we produce more milk than our children need and if the Hottentots will produce

oils or any commodity that we need, we will give them our milk in exchange for the commodities that they produce.

We know what we must do and we know how it should be done. The whole question is, will the American people do it? We have to start at the bottom. We must face facts. Somebody is going to get hurt a little bit, but so many people will receive so much good.

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OUR POSTWAR SOCIETY—A LONG-TERM VIEW

ARNOLD J. ZURCHER

Among the nations of the world the one that is really pledged to go back to what may properly be called the private-enterprise system is the United States. We are going back to it for several reasons: first, because it is traditional with us and we could scarcely contemplate any other; secondly, because, if any doubt may have been entertained concerning it, that doubt has largely evaporated owing to the phenomenal record of production which has been made during our transition to a war economy. Certainly no one can gainsay the statement, made by leading businessmen, that no system of production has a better record for efficiency and speed in large-scale conversion to war production than our private-enterprise system in the United States. That statement is justified even if allowance is made for the aid the government may have given in assuring a market and in granting loans for conversion.

The third reason why we are going to continue the private-enterprise system is because we are fairly well convinced that the only alternative to the dispersion of economic power inherent in that system is the consolidation of economic power in government; and that we feel sure would spell the end of liberty as we know it. Finally we are going back to the private-enterprise system because we feel we are still rich enough and big enough to take a chance. Our relatively high standard of living in the past and the organization of our economic area, continental in scope, make it possible for us to take that chance.

In returning to peacetime private enterprise there appears to be no need for concern for the general economic health of the nation at least in the first few postwar years. There is

every indication in the Baruch-Hancock report and in the policy of the special Senate Committee on Post War Planning, headed by Senator Walter F. George of Georgia, that every effort will be made to tide business over the hurdle of reconversion quickly and safely. The government apparently is prepared to provide credit for reconversion operations where needed or to guarantee private credit when extended for reconversion operations. We plan also to get over the hurdle of bureaucratic red tape as quickly as possible. To the question whether the Comptroller General ought to review every settlement before payment is made, Mr. Baruch is said to have stated that the public interest is to be safeguarded, but that such a safeguard is not to be something which is "administratively impractical." To use Mr. Baruch's words, our policy is not going to be something which "could quibble the nation into a panic."

We know too that, if business is quickly converted to peacetime operations, it will have little difficulty to keep going for a considerable time at boom proportions. Through local and national associations, businessmen are making serious efforts to acquaint themselves with the problems of the immediate transition period. Heads of great corporations are vying with each other in meeting the challenge by promising new money for postwar operations. The head of one great corporation recently promised a half billion dollars of new money for his own concern. Demand, moreover, is obviously going to be considerable for all kinds of products; and the longer the war lasts, the greater will be that demand. Moreover purchasing power—in the form of savings bonds and other reserves—to absorb new production and funds to invest in business enterprise will be the greatest in history.

About the only real danger that exists to the assurance of a

boom immediately after the war and for a considerable time thereafter is inflation. If we should be foolish enough to support tax, wage, and price policies during the remainder of the war period that would seriously raise our price structure, we would have trouble. For inflation would largely destroy the reserve of purchasing and investing power now in our hands, since the value of that power is fixed in terms of bonds and reserves; we would also undermine confidence and destroy both the businessman's willingness to invest and the consumer's willingness to buy. Thereby we would nip in the bud the expansion in production and demand of which there is now so fair a promise.

I

The concern which most of us have for the future of the private-enterprise system has to do with the power of that system to keep going indefinitely at high levels of production and employment. Many of us fear that when the boom has spent itself we shall start going downgrade again. We are afraid that after the postwar "binge" we shall wake up with a headache just as we did in 1929. Indeed our concern about our economic future and about the relation of business to that future is almost parallel to our concern about the peace. We shall all welcome the armistice and believe that it is blessed indeed. But we are not really interested in armistices this time. We want real peace.

Just so about our economy. We shall welcome the ability of our enterprise system to get going again at high levels immediately the war is over; but we are really not interested in the immediate postwar period of prosperity. We do not want silk shirts for a half dozen years after the war and then rags thereafter; we shall be satisfied with cotton shirts immedi-

ately the war ends if only we can get cotton shirts a decade thereafter.

There are those who think that once we set the economic machine going at high levels it will not run down. Many confidently predict the new era of permanent high-volume production and reasonably full employment. Their talk is something like that we heard in the late twenties when it was said that America had finally mastered the science of permanent economic prosperity and that in a few more years every man would have a garage with two cars and every pot would have two or even three chickens. It reminds us also of the sad period of the thirties when the pump primers were advising us that just another four or five billion dollars of public funds would get us back up on the mountain of prosperity. It took not four or five, but two hundred billion dollars and a war to do that.

If we face reality on this question of the long-run period, no man can say with any confidence that the system which we set going on the morrow of the peace will keep us permanently on the hump of prosperity and prevent us from slipping down occasionally into the slough of depression. In other words I am afraid that the business cycle is still very much with us; that we shall continue to have our periodic "binges" and headaches the morning after unless we do something about the matter. What is disquieting about our plans for our postwar society is the fact that so little attention is being paid to this very question of the long-range policy, to the problems posed by the continued operation of the business cycle. Any reconstruction policy that does not take the business cycle and the possibility of depression into consideration is no policy at all but merely a blind and aimless trusting to chance. It is this aspect of our present planning or lack of planning that ought to be condemned and roundly condemned.

This war has taught most of us that there is a way to manage economy in such a fashion that would provide minimum economic security for all. We know that it can be done. We know that if we centralize management in government, borrow when we please, tax when we please, manipulate our credit structure as it suits us, place industry and agriculture into a strait jacket, and produce for a guaranteed market, then we can probably assure a modicum of prosperity for all. But we do not want to pay the social and political price of such a system. We have clearly indicated in our choice of private enterprise for the postwar period that we do not want to pay this price. Such a system would mean the destruction of private property; it would mean economic totalitarianism and eventually it would mean political totalitarianism as well. Ultimately, too, most of us suspect, such a state-managed system, however apparently efficient in producing results, would become a sterile, treadmill type of economy. It might mean security of a sort; but it would be a poor sort of security; it would certainly mean the end of a dynamic society with opportunity for all. And despite apparent occasional indications to the contrary, nine out of ten Americans prefer opportunity to security.

The fact nevertheless remains that the experience which we have had during the war and the experience we observe elsewhere provide us with many suggestions for buttressing our private economic system and preventing it from going into a tailspin when the long pull begins. We must act on that knowledge and apply it even though it may initially be unpopular. We must act on the assumption that for the long pull we have not eliminated the business cycle, whatever volume of prosperity we may have immediately after the war, and plan in advance to apply what we have learned from the depression

and our war economy. Only if we do this will we have some sort of guarantee that we can avoid the worst pitfalls of the future and ensure a somewhat more decorous and sane economic experience than that which followed the last war when we applied the policy of "back to normalcy" willy-nilly.

II

The challenge which faces America's private economic system in the post-armistice period has been stated so often that it is hackneyed; nevertheless it bears repeating. The challenge is to outline now, for future operation, that compromise between private management and social action in the economic sphere which will avoid the extremes of economic and political totalitarianism on the one hand and, on the other hand, avoid the anarchy which ensues when undisciplined and uncontrolled private economy goes through the wringer of a depression. There is no time here to go into details about what will be required to plan for that modified private enterprise system needed for the long pull. We can, however, briefly outline some of the policies that will be necessary to avoid the extreme valleys and humps of the business cycle.

One of the essentials over which few of us any longer quibble is the elaboration of a thoroughgoing system of social insurance to maintain purchasing power when depression threatens. The social insurance which I have in mind is unemployment insurance; for that is the type which comes into being automatically when depression looms and economic activity tapers off. Far more attention ought to be paid to this particular form of insurance than is now being paid. We need to expand at once the potential number of beneficiaries, in agriculture and service industries especially, raise the State standards, and expand also the maximum period for which

benefits are to be provided. When our war-bond purchasing power shall have been exhausted after the first flurry of reconstruction is over, the reserves of such an insurance system may well become an important source of a widely distributed potential buying power should our economy demand a special stimulus. Other forms of social insurance are also necessary and desirable; but the insurance for unemployment is the one I am interested in for it bears most directly upon the economy and automatically comes into play when the economy tapers off.

But far more important than this device in our plans for the long pull must be the understanding of the role of government as an agency of control in our economic society. We need to recognize that if we really want to iron out the worst features of the business cycle and attain high levels of production and employment, government must inevitably play a larger role than in the past. Like the governmentally managed economies with which we shall have to compete in the postwar period and with which our behavior will be compared, our government will have to control some of the great valves on our economic machine and be able to turn them up or down or off and on as occasion requires. We must understand now that if we are to succeed in our objectives, the government's future control over credit and tax policies, its ability to plan and finance public work, and its power to develop policies with respect to domestic and foreign markets will have to be far more detailed, and more intimate if you like, than ever before. In the mixed economy that we are inevitably facing, government's role will have to be far more than a police role—its role will have to be positive and contributory. Its control, moreover, will have to be more automatic than in the past; the techniques of that control will have to be understood in advance and be applied

when occasion demands. In short we must realize that, in view of the aims which we have set for our economy, economic policy must be an over-all policy and a national policy. Investment, production, and distribution can no longer be left to chance or to the uncontrolled discretion of thousands of entrepreneurs.

Let us put the matter even more baldly. If we do not want the vast, complicated, interrelated, high-pressure thing we call our economy to get out of hand during the long pull, if we want to achieve aims that we have deliberately set for ourselves, then there is only one institutional response which we can logically make. That is planning on a national scale. America must clearly get over its antipathy to planning on this scale. The stigma of socialism and totalitarianism must be lifted from that word. Planning as an idea must be rehabilitated if private enterprise and democracy are to survive.

A planning mechanism does not need to be bureaucratic. Indeed it ought not to be bureaucratic. It is perfectly possible for us to bring together the areas of government, management, labor, and the public to promote on a national scale the kind of over-all oversight of our economy that we need. Why any such proposal should display flashes of red to some in our society is frankly beyond understanding or imagination.

What I am advocating is a sort of democratic general staff for our economy with a really worth-while research organization that could act as a general planning agency for the kind of mixed economy which we shall have after this war. Its function would be neither legislative nor administrative; indeed it need have no coercive power at all. Its aim would be to advise both business and government and provide that correlation of outlook that alone can save us from difficulty and disaster. Why we cannot have some such organ to plan the strategy of

peacetime economy is beyond comprehension. We would not think of going to war without setting up a vast number of planning boards, most of them with coercive power. We know that we cannot plan the industrial and economic strategy of war without them. We have general staffs busy planning naval and military strategy all the time. Only the strategy of our economy in peacetime is left to chance.

What has been said here is nothing new. What we are likely to have to do to preserve economic equilibrium and the outline of the postwar society that is emerging is pretty much common knowledge. The trouble is simply that we are doing little about it. Our slogan appears to be "take care of tomorrow and the day after will take care of itself." We propose to take a chance on a highly artificial situation that will govern our economy immediately after the armistice. We seem to think that the original stimulus generated by a postwar boom will carry on indefinitely.

Nor is there much present hope that the situation will improve. For businessmen, any such long view as I have been advocating smacks too much of hated planning and the likelihood that it will encourage governmental control—something to be avoided at all costs. This attitude may be quite shortsighted and even suicidal; but businessmen do not think so or at least prefer not to think so.

There is even less likelihood for constructive long-term action by the National Government. As we approach the end of the war, foreign affairs will increasingly monopolize Congressional and Executive attention. In the case of the Executive, foreign affairs will almost wholly monopolize attention. There is a still more important reason why long-term governmental planning is likely to be stillborn if indeed it is born at all. This is the present deplorable lack of cooperation between the Ex-

ecutive and legislative branches. The fissure which has been developing gradually and which widened into a chasm in the revolt over the recent tax bill appears to be unbridgeable, at least for the time being. Certainly the possibility of fruitful collaboration on long-term policy, indeed on almost any policy short of that relating to the prosecution of the war, is remote. Until after the fall elections of 1944, there is little likelihood that anything constructive of a long-range nature in the domestic field will be accomplished.

III

The same conditions and objectives which call for an increased governmental role in our long-range postwar economy will also affect the structure and discipline of autonomous sectors of that economy. For private business they will require a growing concentration of managerial direction. Planning output, markets, and trade policies, in the kind of highly organized society which we shall require if we are to operate at a high level of activity, will be most ineffective if such planning is left to a great number of independent entrepreneurs. To be effective it must be handled by each branch of industry acting as a unit. That will mean big business. Except for the fringes of distribution and the various service activities it will mean real difficulty for small business. The day of small business may not be past; but small business will certainly find it increasingly difficult to operate independently.

There is another reason why concentration in business is likely to go on apace during the long pull of the postwar period. Whether we like it or not, we appear to be entering upon a period of power politics in international affairs. I am not evaluating that trend here; I am merely saying that it looks very much as if that was where we were heading. What

other implication can one draw from the statements coming from our leading admirals that our Navy is now the largest the world has ever seen and that it will be our duty to maintain it intact when the war is over? Now if European experience furnishes any guide in this matter, it may confidently be predicted that such a trend will magnify the influences favoring business combination. For in great European states, big business and power diplomacy have always gone hand in hand. European states have generally favored the concentration of enterprise particularly in those industrial sectors related to the preparation for war; and under conditions of modern warfare there are few industrial sectors that do not have an intimate connection with military preparedness. If European experience be typical, then there is no reason to suppose that our experience will be otherwise.

Just what form this merging of the structure of business will assume, time alone will tell. We certainly have plenty of forms that can be exploited for this purpose, beginning with the trust back in the nineteenth century and running up through the modern holding company, trade association, and cartel. I am, of course, speaking of management and the direction of policy in business; I am not speaking of the geographical distribution of plants. In the latter we may well have a continuation of that physical deconcentration which was fairly marked even before the present war began.

Nor will our antimonopolistic traditions hamper this trend toward business concentration. The policy of antimonopoly, such as it is today in this country, is not now being directed toward the fragmentation of business management. Indeed it has not been for a generation. The policy of indiscriminate "trust busting" grew less fashionable in 1911 when the Supreme Court made its distinction between "good" and "bad"

trusts; and it was all but eliminated when we passed the Clayton Act. Antimonopolistic policy in the United States today means primarily governmental policing of the practices of large-scale enterprise; and for that kind of policing after the war we are probably better prepared than almost any other country. In view of what we are likely to face in the matter of size of business enterprise and the scope of managerial power, it is fortunate indeed that we have such a tradition of public policing. Without it, we might be in very bad shape.

If the hypothesis offered regarding the trends in government and business is correct, the lesson for labor's future is clear. Labor can hardly contrive to operate effectively as an autonomous sector of our economy unless it too becomes big and disciplined. Only if the labor movement unites, endows itself with leaders of statesmanlike vision, removes cause for reproach upon its internal government, and assumes responsibility for policy that stretches beyond mere working conditions and wage scales in particular industries, can it hope to have a voice commensurate with its potential influence. Only thus can its ideals and its aspirations help to shape the future in a significant manner; and only thus can it avert the kind of public control that already threatens it.

As for agriculture, one other significant sector in our economy, adjustment to the outlines of the new society will probably be the most difficult of all. The farmer has been the individualist par excellence. For the farmer the choice will become one of two possible courses. Either he will become increasingly a ward of government and allow his production, credit, and marketing policies to be determined by governmental agencies or he will make a real attempt to solve those problems through the form of the agricultural cooperative and association.

A word too about international commercial policy. There

are many who believe that we shall let down the bars and promote free trade among nations when this war is over. I doubt such will be the case. To assume that internally we shall move toward increasing concentration in economic management and externally we shall move toward a freer trade system would be a paradox that logic at least could not resolve. My own conviction is that foreign trade and commercial policy will be assimilated to internal requirements in all states, great and small, and particularly in the great states. It will be one of those valves on the economic mechanism which we can turn off and on as domestic policy or expediency dictates.

That does not necessarily mean higher tariffs. Indeed tariffs, even flexible tariffs, will hardly be a suitable instrument for manipulating foreign trade in the interests of internal economy. More likely instruments are trade controls, quotas, country-by-country agreements, and special devices of all sorts wielded by government. It is likely too that the postwar period will see a growing number of understandings and agreements among large business concerns in this and other countries, participated in, or at least blessed by, government to remove the stigma that attaches to the term "cartel."

IV

This then is the sort of economic society I visualize if we really succeed in establishing equilibrium for a private-enterprise system and if we properly measure the forces that are now molding our future. The question is often asked and quite rightly whether the instruments of democratic government can continue to function successfully in such a regime. Only a confirmed optimist could answer that question in the affirmative without qualification. For most of us such an answer must be based on faith.

The responsibilities which the sort of regime I have outlined

will lay upon traditional organs of democratic government, such as our popular legislatures, will be prodigious. They will require knowledge and a degree of efficiency that such organs are ill prepared to offer. Moreover the power and influence of pressure groups will be extended immeasurably and the stakes for which they will contend will be far higher than in the past. To seek out and assert the public interest as against the interest of any one group and to prevent any group, however powerful, from achieving domination, will challenge the resources of popular institutions to the utmost.

But it is my opinion that those difficulties, serious though they are, are not the most serious. The most serious danger is the tendency in certain quarters to hold up our popular institutions, and particularly our representative legislatures, to ridicule and contempt. Rarely does a day pass that some public figure does not use either the radio or the public press to condemn, not a politician nor a party, but our entire Congress. That body's motives are maligned, the integrity of its members is questioned, and its intellectual capacity is described as of a moronic level. Such indiscriminate abuse will do more to undermine the foundations of the essential institutions of democracy than all the difficult problems which postwar readjustment will bring. It is the kind of insidious undermining of faith in democratic institutions that yielded so frightful a harvest in Europe; and those who are guilty of it are doing the democratic cause in this country a real disservice.

We need to learn over again that popular institutions are no better than the people who contrive them; that they are made up of politicians and not of supermen or angels; and that they are by and large a faithful reflection of the morality and the capacity of the people who elect them. The weaknesses of such institutions as Congress are the weaknesses of the

people and indeed the weaknesses of popular government itself. They are a part of the price we pay for democracy. Congress and all of our popular institutions could certainly stand reform; but the proper procedure in that case is reform from the grass roots, not wholesale condemnation of the institution.

There are undoubtedly many factors in our future society that will militate against democratic institutions; but there is no immediate reason for pessimism. No people on earth ever showed greater courage or ingenuity in shaping the institutions of their political society than we did during and after the Revolution; and we certainly did not lose that capacity during the nineteenth century. It may be that the present generation has lost some of that earlier power of adaptation. Certainly it is true that during the past decade we have been primarily concerned with the immediate objectives of helping ourselves out of depression and preparing for war. We have not had much time for institutional forms, particularly for the forms of our political society. But with the end of the war there will come an opportunity to take inventory, to readjust those institutions, and perhaps cast them in a mold that will endure for a generation or two. Whether or not we shall take that opportunity remains to be determined.

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THE PLACE OF COOPERATIVES IN POSTWAR SOCIETY

Roy F. Bergengren: *The Credit Union Idea*

It is very hard to talk about the place of cooperation in the postwar world without first getting a pretty sound idea whether or not there is going to be such a world and, if so, what kind of a world it is going to be. In other words, we need to differentiate between cooperation spelled with a capital "C" as the Cooperatives spell it, and that degree of cooperation, spelled with a small "c," without which the postwar world will not be livable.

To get the record straight and clear up any misconceptions about the attitude of the Cooperative movement toward this postwar world, I want to state emphatically that this movement, particularly that portion of it with which I am in more or less continuous contact, believes that this war must be fought to absolute finality. It must be fought until there is no such thing as dictatorship or nazism or fascism in our world. It must be fought until we have eliminated all this business of discriminating against people because of race, creed, or color. It must be fought until what is left of us can start to recreate the world on a democratic basis.

That is fundamental. This war cannot end in futility as did the last war. Something must come out of it to compensate for the great loss of human life, the tremendous expenditure of treasure, the destruction of cities, and the interruption of all the normal things in life. We dare not allow our government to do again what it did after World War I and destroy all the fruits of victory. This time we must be ready to take the next step and form a permanent international association,

making international laws in an international congress backed by an international court and an international police force. Unless we do these things we shall have failed not only to keep faith with my son who has been overseas a year and six months, but with your son, your husband, your loved ones who are fighting this war for us. Hence, the Cooperative movement has a serious obligation to contribute something that will make for international understanding.

I have just been reading some books which I recommend highly. One is entitled, *They Shall Not Sleep* by Leland Stowe.[1] Another, written by Eve Curie, is entitled, *Journey Among Warriors*.[2] A third is *Paddy the Cope*,[3] written by Paddy [Patrick] Gallagher giving the story of his development of Cooperatives in Ireland. If I could make these three books required reading for every school, for every soldier, sailor, and marine, indeed for every one in the country, I think then we might have a better understanding of what we have to do as we move out of the difficulties of war into what may be even the greater difficulties of peace.

I

Now with those fundamental things out of the way, let me say one or two words about the Cooperative philosophy. The idea of Cooperation is not a very complicated idea. It is not at all a difficult idea. A Cooperative organization is nothing more or less than a group of people who pool their small savings and, with the resulting pool, establish whatever Cooperative enterprise they wish to enter. From that point on, mem-

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[1] New York: Alfred A. Knopf, 1944.

[2] New York: Doubleday, Doran and Company, 1943.

[3] Introduction by Dorothy Canfield Fisher. New York: Devin Adair Company, 1942.

bers manage that pool in the interests of their common business, each one of the members of the pool having one vote in the management, regardless of what he has invested in the pool. The resulting benefits of the operations that are carried on revert to the consumers as dividends in an amount proportional to the business which they have given to their own Cooperative enterprise.

Sometimes my neighbors tell me that this Cooperative idea is new and radical and strange. Of course it is not, as most readers know. We are celebrating this year the centennial of the Rochdale Cooperative, which was the first Cooperative store organized in England. There is nothing new, nothing startling, nothing strange about Cooperatives. Some people think that a thing must be old in order to be good. That is certainly not true in all cases. It may be true of Colonial furniture. It is not true of bananas. Many old things simply become rotten. An institution certainly does not have to be old for people to accept it. After all there must be pioneers occasionally. If Columbus had listened to all of his friends who told him that when he got out on the horizon he was going to drop off the edge into nothingness, he never would have sailed and never would have found America.

Of course, if there are those who doubt, who feel that the antiquity of the thing has something to do with its vitality and its worth, then they need only bear in mind the fact that we are celebrating the hundreth anniversary of the Cooperative movement. During that hundred years the movement has developed in stability and in good repute until, at the present time, it must be taken as an established practice in our economic life.

A second objection to the Cooperative movement, sometimes entertained by those folks who know very little about

it, is that somehow, for some reason or other, it runs counter to the good old American theory of rugged individualism. I am not sure that I have been able to find out where the theory of rugged individualism came from. It certainly did not come out of any historical concept. I like to think about the activities of the forefathers drafting our Constitution and setting up the different institutions we needed in order to become a nation. It was fortunate that among them were extraordinary individuals such as Hamilton, Washington, old Ben Franklin, Madison, John Adams, and a great many more virtual supermen. But they acted together to draft the Constitution.

Subsequently they sought a slogan to put on the Great Seal of the United States. Ben Franklin was something of a wag and a very great man. He probably possessed the greatest brain ever developed in this country. Had he wished to commit us for all time to this theory of rugged individualism, I think that he might have placed on the Great Seal of the United States, Matthew 13:12. That would have looked well on the Great Seal. It would have committed us to religion; and it would have made it look as though the forefathers were very familiar with their Bible. It would also have committed us to the theory of rugged individualism; because Matthew 13:12 says, "For whosoever hath, to him shall be given, . . . but whosoever hath not, from him shall be taken away even that he hath."

That is what the forefathers might have done; but what did they do? What did they commit us to in the beginning? They chose for the Great Seal, the words, *E Pluribus Unum;* and every schoolboy and every schoolgirl knows what that means. What they were trying to emphasize was that out of many states they would create one state, one nation made

possible by the cooperation in common activity of the thirteen States. And you know *E Pluribus Unum* has come to be known popularly as, "One for All and All for One."

When the first central unit of credit unions of Germany—where the credit-union plan originated—was organized, also almost a hundred years ago, the slogan *E Pluribus Unum*, one for all and all for one, was likewise selected. *E Pluribus Unum* is a "natural," if you interpret it correctly, for the Cooperative movement.

Moreover, the forefathers talked much about the equality of human rights and of institutions of, and for, and by, the people. We were taught all those things at school. There was no one in those institutions who said anything about rugged individualism. Indeed in the early days of the foundation of the republic, a rugged individualist would have had more than a little difficulty getting along. He might have wandered away a little bit from the edge of his village to prove his rugged individualism and been shot in the back by an Indian. Actually he and his fellows gathered together, they had to work together. They signed papers together. The compact in the cabin of the *Mayflower* was signed before colonists dared to go ashore on the rugged coast of New England in that terrible, cold November day in 1620. They stood together because they were conscious of the fact that they were alone and a long way from home and that nobody was coming to help them. If they had not stood together they would certainly have been lost. It was Benjamin Franklin likewise who said, "I believe that if we do not hang together, we will most assuredly all hang separately."

In short, I doubt that serious research into America's beginnings will reveal anything which supports any other theory

except that this was to be a country in which people would work out institutions by working together, in which we would build up something that would be for the common good.

II

Now, I want to say a few things about the credit unions. I represent the Credit Union National Association, composed of 10,000 credit unions in the United States and Canada and three and a half million members. We have not counted them recently; but they are increasing quite rapidly. These credit unions are organized in factories, mills, and stores; in Catholic parishes, Protestant churches, and Jewish synagogues; among labor unions, the Farmers Union, and the Farm Bureau Federation; in fact, in any place where we can get a group of people together. The largest union happens to be in New York City. It is limited in its operations, as all credit unions are, to employees, in this instance, of the City of New York. It has 26,000 members and almost $7,000,000 in savings.

The growth of credit unions was accelerated by the fact that twenty-five years ago the wage earner's credit problems in the cities were left entirely to moneylenders. In those days, it was not unusual to find a person paying anywhere from one hundred to thirty-two hundred per cent interest for short-term credit. I can personally verify the case where thirty-two hundred per cent was extorted. Something had to be done to provide relief for these small borrowers. The banks apparently could not solve the problem; nor was regulation of the moneylender's rate of interest a wholly satisfactory solution. In short, the private-profit method was incapable of taking care of this situation; and for this reason, Cooperative credit stepped into the picture. Credit unions, therefore, were established because of the failure of our private-profit system

to develop an adequate and proper plan for taking care of short-term credit.

The credit union that I really care most about is one in North Carolina, in a place called Columbia. This is a small rural community, composed of a group of colored people who, when we organized a credit union, were all sharecroppers. That credit union developed the first year from extremely small beginnings to total savings of $300. In a few years it has developed an over-all capital of $12,000 and in the process has turned a majority of its sharecropper members into landowners. At the same time the members have developed for themselves a Cooperative store and other fundamental Cooperative activities. Thus, it seems to me, they are completing the work that Lincoln started; because it is no use freeing a slave or freeing anybody as long as he is economically a slave. He must have economic freedom as well as political freedom in order to be really free.

Some years ago the credit-union idea spread to Canada. We had to do very little to encourage the Canadian development because it took hold very rapidly after a very small beginning. At the present time there are credit unions in every one of the Provinces of Canada. About three or four years ago, we amended the constitution of our national organization so as to include the credit unions of Canada. Hence at the present time our organization consists of fifty-three leagues. Forty-four of them are State leagues, one is in the District of Columbia, one is in Hawaii, and seven are in Canada.

More recently we have been encouraging the organization of credit unions in Jamaica as well as in certain parts of New Zealand. That work at this stage has to be done entirely, of course, by mail; but it is going forward fairly successfully. Right now we are working with the Pan American Union in

Washington, to get our credit-union information material translated into Spanish and Portuguese. We have promised that we will cooperate as soon as the war is over and send some one to South America to begin what we hope will be the development of a credit-union movement throughout that continent. This, we hope, will also be subsequently included in our organization.

I was in England in 1933, trying to induce people there to organize credit unions and making a few mild prophecies about the potential value of the credit unions to England. Recently I received a letter from a man who is very high up in the International Cooperative Alliance in England stating how sorry he was that the English had done nothing with these unions and assuring me that we could go ahead in England as soon as the war is over.

Now why am I talking about these international contacts of the credit union? Because a credit union has to do with problems that are common to people everywhere. Grief, sorrow, pain, suffering are human problems and are not limited to any area. So is the problem of unemployment. I have talked with men driving busses in London, England, New London, Connecticut, and London, Ontario, and I have tried to talk with working people in Prague and in Paris and everywhere else that I could go; and I have never found any difference in these problems. The economic problems of working people are the same all over the world.

I have satisfied myself also that the economic problems of the world have got to be solved before we are going to be safe in the solution of these problems here in the United States. It is no use for us in America to try to build up a high standard of living, to build up a fine economic life for ourselves at the expense of, or through the denial of, a similar standard

of living to the rest of the world. As long as we are the envied people of the world there will be other people who will try, by right means or wrong means, to attain to that high degree of economic security which we have attained.

III

It seems to me, therefore, that this Cooperative credit-union idea can raise its sights until it admits that the problems with which working people are confronted are common problems. I know, for example, that we had a great deal of difficulty in selling to our own people the idea that we should enter the Dominion of Canada with the credit-union movement. Today we are getting some of our finest leadership from Canada. Today we know that there is no difference between a credit union that is one inch on the other side of the international boundary line and a credit union that is one inch on this side of it. We know that one of our jobs in the United States is to help people to solve those problems all over the world, if for no other reason than the selfish one of our own security.

I have been reading books lately which say that when this war is over, Europe is going to swing to the left. It is asserted that there will be liberal governments all over Europe, that the days of the monarchies are gone, and that there is only one place left where the idea of monarchy, the idea of an all-controlling power, viz., organized wealth, will be left. That place is the United States of America. Our country, so these volumes declare, will be the great Bourbon standout of all the world.

Such statements about America are a bit discouraging. But there is one thing we all can do. We talk a great deal about the people: We, the People, of the United States. Who is that? It is you, and you, and you. We, the people of the United

States, want this to be a happy, contented country in which there will be peace and happiness and security. That is what we want. And we, the people of the United States, are sufficient in number to get what we want if we want it badly enough. The only time we are betrayed, the only time when we lose all of the fruits of the victory is when we are individually and collectively negligent in the expression of our will and our own wish.

I believe there is one thing that can correct the whole situation. That is the motivation of human life. That must be changed. We must change from a motivation of profit to a motivation of service. We must come individually and collectively to the realization of the fact that for a short period of years each one of us walks this earth with certain profound responsibilities; and those profound responsibilities are summed up in the supreme responsibility to perform the maximum service to our fellows in the course of the journey. If we can only get that idea understood, if we can only accept this Cooperative philosophy of service and appreciate what it will mean to us, then there is some hope of changing the thinking of mankind, difficult as that may be. Then out of this war will come, perhaps, rewards commensurate with its terrible suffering.

I

My purpose is to discuss one of the newer Cooperative enterprises, that relating to medicine and health. I want to explore the Cooperative movement as it affects the health-service system in the United States today and in the future.

A leading fact that we must recognize in trying to project ourselves into the future of health services is the entry of government. Government, indeed, is already in the health-service field. Between seven hundred and fifty and eight hundred million dollars a year are already being expended through State, county, municipal, and the Federal Governments on health services; *i.e.*, on public health, hospitals, sanataria, veterans' care, and related matters. But I am referring to a much broader function than public health and a few isolated cases of remedial care. I mean general health services. Exactly how our various governmental bodies are going to render such services depends, of course, on the balance of political forces at any given time. We may have no federal action for the next four years. We may have federal action a year from now. Precisely what will happen depends upon the short-term developments in our political system.

Now I think that this prospect of governmental action presents a challenge to the Cooperative movement. I use the term as broadly as Mr. Bergengren did: credit unions, commodity Cooperatives, and insurance Cooperatives—all phases of Cooperative activity. The movement has the choice of either opposing government action in this field of health or it can lie back and accept whatever the interested forces bring out of Congress and the State legislatures. Or, thirdly, it can take active steps to develop both voluntary and government action

in such a way as to benefit the consumer to the greatest possible extent.

To my mind it is clear that there is an obligation on the Cooperative movement to take an active part in this challenging field, because the importance of health services to consumers can scarcely be exaggerated. It is true that in point of national expenditure, health care runs a bad sixth. It follows automobiles, believe it or not. Presumably we spend about five per cent of our national-consumption income on health services. We spend eight per cent on automotive transportation. Such, at least, are the figures for that abstraction, the average family. When sickness strikes an actual family, then, as we know, medical care pushes everything else out of the picture for we cannot forget that serious illness is first cousin to death. The value of cure transcends the denomination of any currency system I ever heard of. Serious illness strikes one family in five every year. Hence it seems to me unthinkable that consumer organizations should ignore this problem.

The most immediate thing that can be done is to work on the formation of sound voluntary plans. If that is not feasible for any local reason, I would hope that the Cooperatives that are already in existence would support the best available local plans and support them fully.

There are quite a few existing voluntary medical-care plans throughout the country. They fall generally into two groups. One group leans heavily on the principle of insurance. They may indeed be called insurance plans. The tendency of those plans is to limit their scope of coverage to very general cases of illness, especially surgical cases and obstetrical care. At the present time about a million people are covered by such plans.

There are also the more limited hospital plans, Blue Cross plans as they are called, which provide hospital service only. Those have been markedly successful in terms of building membership. They now have about fourteen million people throughout the country, with a million and a half, or very nearly that number, of members in New York City alone.

Now these plans are good enough to take care of the catastrophic illness because the catastrophic illness is technically insurable. We can predict pretty accurately how many such illnesses we are going to have per thousand people in any one year. But when it comes to the other services involving good medical care, then the insurance scheme is inadequate or inappropriate. Who knows, in a given case of bronchitis, whether the physician ought to make five visits or one visit; but if the physician or the patient is being paid so much a visit, it is only human nature that there would be five visits rather than one. If that is the case, somebody is going to pay for it; and usually it is the consumer.

We have read recently of the investigation into the activities of the Workmen's Compensation System in the State of New York. That investigation disclosed some of the more obvious abuses and problems of this type of insurance plan. If that system were spread to cover all illness throughout the community those abuses and problems would be multiplied literally twenty times.

II

Now, in contradistinction to these insurance plans, there are what we can call service plans, which set out to provide general medical care. Most of these plans revolve around groups of physicians who, integrated together, practise under one roof all of the specialities associated with the physicians in general

practice. They can call upon nurses and technicians and all the other medical devices that good medical care requires. There are all too few of these group-practice plans, but those that are in existence are operating apparently very successfully and satisfactorily from the point of view of the consumer. We are familiar with some of the more famous examples, such as the Group Health Association in Washington which was the cause of the celebrated proceedings against the American Medical Association and some other local associations by the Department of Justice several years ago. Fifteen years ago, in Elk City, Oklahoma, Dr. Michael Shadid organized a successful group-practice Cooperative plan. That plan was supported from the beginning by the local Farmers Union and it is now serving an area that was very inadequately served before its organization. There are a score of others, among them the very well publicized Kaiser plans on the Pacific Coast. Some of us have read Paul de Kruif's brave book on these same plans.[4] All of this has been done by consumers, has been paid for by consumers, even when plans have been organized by physicians or by industry. So far no group's plan has had the support of funds raised by taxation. We need a lot more such plans than we have. Most of the country is not covered at all.

What is most serious from the long-range point of view, is that the majority of people do not really know what medical care consists of. It seems to me that we should take great care in planning our medical future. Medicine is not a commodity that can be tossed around like a block of granite. It is a fairly subtle and delicate thing. Despite all the scientific development that has taken place in the past hundred years, medicine

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[4] *Kaiser Wakes the Doctors* (New York: Harcourt, Brace and Company, 1943).

is still, in good measure, an art. An art does not lend itself successfully to industrialization. We cannot produce arts by the conveyor-belt system. At the same time it is highly important to take those segments of medicine which are precise, exact, and scientific, and arrange them so that the services can be delivered to the patient at a cost that the patient can afford to carry; or, to extend the idea further, at a price that the community can afford to pay.

Cooperative philosophy spells for me an intensive development of local Cooperative health plans; because in no other way will we, as ordinary consumers, ever come to understand what the problem is and be able intelligently to direct our government in the action that it should take. The forces in our democracy are, after all, fluid; and it is organizations that build up the pressure at given points and get things done. If the Cooperatives do not make themselves heard in these matters, then it will be the producers and the special interests who will dictate the kind of medical system that we shall have.

III

A new health-service system is struggling to be born and we want to be careful not to bring it into the world either too soon or to hold it back until it is too late. Working to change the system, or to hold it in its present form, are in the main two groups. One is composed of the producers of medical service. They are well organized, have a lot of money, and, in the rural districts especially, they have great prestige. They are a very real political force. A good part of the money that is used to present their point of view to the public and to the legislatures comes from one segment of the health industry, viz., the drug companies. They constitute the second group supporting the *status quo*. The drug companies, unfortu-

nately, have never been integrated into our health-care system at all. They might be described as prowling around the periphery, as does an Indian dog around a campfire, and they do not do badly at it either.

On the other side of the fence are the advocates of "root-and-branch" change under government auspices. That group is principally rich in potential. It has the support of labor, and it can probably count on the support of the majority of physicians returning from service with the armed forces. Some 50,000 of these will be coming back within a period of one or two years. Many of them have never been in private practice. They will be coming back to establish a practice in some community under economic auspices which hardly look promising and which are decidedly uncertain. It is very likely that many of these physicians will join forces with the present advocates of a government system to demand quick action which will give them security and allow them to practise what they know of the science and art of medicine.

It is my opinion that organized consumers trying to do a job in the Cooperative fashion are very well equipped to strike the balance between these two extremes. After all, Cooperative organizations are completely disinterested. They have as their objective only the betterment of the average consumer. Operating at the local level, as they do, there will be no disposition on their part to handle medicine too harshly; neither will there be a disposition to allow the continuance of uneconomic, wasteful, and in other respects, bad practices. They will not, in other words, be willing to calcify an obsolete system.

We have before us in the Congress, a bill that is quite specific in proposing a federal health-service system. It is the Wagner-Murray-Dingell Bill, S 1161. It proposes a three-per-

cent-payroll tax jointly borne by employers and employees. For that amount it would furnish all medical and surgical care except dentistry, home nursing, drugs, and appliances.

The bill was put forward by its sponsors chiefly to provide a basis for discussion; and I think it is a great shame that such discussion has not taken place. The bill has been buried in committee; it has not even come up for hearings. The indisposition to bring up the bill may be traced to the fact that this is a presidential year and the consequent desire of politicians to keep too contentious matters under cover, at least for the time being. But the bill ought to come up for discussion and all interested parties should appear before a Congressional committee and give their detailed, as well as their general, criticisms.

To my mind, the Cooperatives and those who espouse the Cooperative philosophy, should examine the Wagner-Murray-Dingell Bill very carefully, particularly with respect to its provisions for administration. Will the system proposed centralize health services in the Federal Government to such an extent that every community will have the same kind of care? Or will there be an opportunity for a kind of local option? In my personal opinion, it is very much sounder to build on the local level and let the system develop upwards through the local community to the Federal Government, than to allow the reverse procedure. The Cooperatives, after study, may not agree with me on that. But, in any event, I think that Cooperatives are equipped to deal with such a question and that it is their duty to deal with it.

At this point let us assume that a federal bill is adopted and that we have a system of government medicine. Even so, a government system will need a yardstick, a Cooperative and voluntary yardstick, just as private enterprise needs a Co-

operative yardstick to control its activities. The Cooperatives should continue to be pacemakers. Government's function under such a regime will be to assist where the cost of adequate service cannot be borne by any single individual or individual family. We must not contemplate a medical caste system in the future, such as we will have unless public funds assist in purchasing medical care for those who cannot afford it. But the Cooperatives should take a hand even in a government-supported medical-care system to see that the service itself is controlled at the level closest to the ultimate consumer, which is the local community.

I do not expect that Cooperative action in this field is going to be very vast, very sudden, or very dramatic. Nevertheless it can be vastly effective. My belief in its effectiveness is perhaps best expressed by a quotation that I have found in William James. He said: "I am done with great things and big things, with great big institutions and big successes and I am for those tiny and invisible molecular forces that work from individual to individual creeping through the crannies of the world like so many soft rootlets or like the capillary oozing of water but which, give them time, will rend the hardest monuments of men's pride."

Nothing today is more promising than the minds of American men and women on the march. We have panel discussions and forums and round tables and town meetings. All sorts of things: The press and the man on the street are searching for truth. We are looking beyond our border to demands that a free world will make upon us, and we are trying to determine the values and objectives of our own postwar national economy.

People are asking a lot of questions these days. Last week Dr. George Gallup gave us a clue to what questions some Americans are asking. They ran as follows: "Will we avoid a depression after the war? Will there be jobs for all of us? Will the soldiers be able to find work? What is being done to make sure we will not go on relief again? Will taxes stay as high as they are now?" If he had gone into the rural communities he would probably have found farmers asking: "Are we going to have a collapse of farm prices such as we had in 1931 and 1932?"

These are only a few of the questions, but they are symptomatic. As Americans we are not merely fighting; we are fighting for something. We want our common ideals of justice and liberty, of equality and integrity and common decency, to mean something. We do not want fascism, we do not want communism. We do not want something for nothing. We do want the kind of democracy that will make available to all of us a fair share of the abundance that we know this great nation can produce.

I

With this thought in mind, let me turn to my topic. It is one of the many ideas that are bidding for our attention and that

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are catching many peoples' attention. Let us examine it in the light of its accomplishment, its implications for a better post-war America. I believe without reservation that the Cooperative movement has within it the vitality, the efficiency, and the moral principles to rebuild this nation. It requires only that men and women seek to help themselves and work together in the solution of common problems. We call Cooperatives peoples' business, because they are precisely that. People organize Cooperatives; people capitalize Cooperatives; people operate them; and people are served by them.

The technique of a Cooperative is simple, but its possibilities are manifold. Consumer Cooperatives operate on the logical premise that people, by combining their power as consumers, can provide themselves better services at lower cost. They may be organized around a wide range of needs. Farmers buy for themselves gasoline, fertilizers, tractors, feed, and the like. City people combine for their food needs and other essentials. Unfortunately only the surface of the urban consumer power has been scratched. A great force for social and economic good lies latent, virtually untapped.

The question is sometimes asked whether it is not more difficult to interest urban people in the Cooperative movement than farmers. The problem of developing Cooperatives in the city may be more difficult than in the rural areas; but human nature is much the same everywhere. The farmers are ahead in developing Cooperatives because they were hit harder in the depression. The farm depression started in 1921, and when the general depression struck in 1929, we farmers just went down into the cellar a little farther and the rest of the population came down with us. Cooperative organization in the city will encounter special problems, just as the Cooperative organization of farmers encountered them. Twenty-five years

ago, when we started organizing the farm Cooperatives, we were told that the farmers were too individualistic, that they did not have the community of interest which city people have. We just had to go around encouraging the farmers to believe in themselves and convince them it could be done; and we succeeded. I repeat, Cooperatives do face different problems in the city, but human nature is not different and we shall finally get the techniques for more extensive urban organization.

We also combine to sell. We call such Cooperatives "producer cooperatives." American farmers have used this technique to the tune of better than two billion dollars in 1942. Approximately one third of lend-lease food shipments now going abroad come from farm Cooperatives. Such Cooperatives stabilize markets for producers and result in higher quality and better service to the consumers.

The Cooperative technique has no class distinctions. Coal miners in Ohio, farmers in Kansas, college professors in Connecticut, all combine to serve themselves. Its democratic basis is evidenced by the simple "one member, one vote" principle.

The Cooperative movement is a century old this year. With modest beginnings in England in 1844, it now serves eight million British citizens through 12,000 member-ownership retail stores. With over a billion dollars' worth of business in 1942, it returned to its members an estimated $150,000,000. In England, Scotland, and Wales, Cooperative organizations not only form an important part of the local business economy; they provide progressive social leadership as well.

In more than forty countries throughout the world, some aspect of this same form of Cooperative technique has been applied. In the Scandinavian states, Cooperative organizations keynote the basic economy. Their usefulness in breaking monopolies and stimulating both local and national trade in these

states is a thrilling story. In China an amazing development of producer-consumer Cooperatives has made possible stiffer resistance to the Japanese and hastened the unification of free China. Wherever found, Cooperatives operate as positive forces for social and economic betterment.

Here in the United States, Cooperatives form only a small part of our national economy. But the vigor and steady growth of the Cooperative movement is attested by all who follow its development. Already in 7,000 American communities some form of Cooperative enterprise exists. Two and one-half million members are providing themselves some type of Cooperative service. Farmers from Maine to California organize around consumer-producer enterprises and push their annual volume into billions.

Farmers, indeed, are setting the pace in the American Cooperative development. Not only are they supplying their own needs; they are manufacturing their needs. The farmers own oil wells and refineries, feed mills, fertilizer factories, and manufacture their own paint and tractors. And the trend is just starting. American Cooperative farmers have discovered their powers as consumers. Agriculture has many problems to solve in the postwar period, but one fact stands out clearer than all else. Where farmers are united in Cooperative pursuits, we find them trying to solve their own problems through their own efforts, and not by the dint of Congress, or the National Treasury. I do not mean to say that all farmers are doing that; but those who believe in the Cooperative effort are.

II

Now let us leave the facts and figures and turn to an even more important aspect of Cooperative behavior. What are its

implications for social and economic betterment? Why was it endorsed by the United Nations Food Conference last year as a valuable instrument for postwar reconstruction? What is behind its endorsement by the United Nations Relief and Rehabilitation Administration as a technique for meeting postwar relief needs? Indeed, why do we find Cooperatives being so widely discussed these days in all segments of population?

The answer, it seems to me, is implicit in the following points. First, Cooperatives mean more goods to more people at less cost. People buy through their Cooperatives at what is essentially cost. In a Cooperative, so-called profits are actual savings. A member shares in those savings in proportion to his purchases. That makes good common-sense arithmetic. Cooperatives simply carry the consumer dollars further. In addition, they extend purchasing power and stimulate business activity. The reason for this is obvious: business earnings do not accumulate in the hands of a few. They are redistributed in small amounts back to the people who created them in the first place. The surest way to maintain purchasing power is to keep money in circulation; and Cooperatives do that.

Secondly, Cooperatives stimulate fair business practices. The American consumer is constantly the victim of unfair business practices, monopolies, combinations in restraint of trade, price fixing, and "gentlemen's agreements"; and misrepresentations do not cease to plague him. Cooperatives hide nothing up their sleeves. They do not misrepresent. There is no use in fooling yourself, and a Cooperative is owned by yourself.

I look forward to an expanded Cooperative movement after the war. I think, too, that government will be in many more things than we contemplate at the present time; but there will be plenty of private enterprise left. Cooperatives believe in the

competitive system but monopolistic practices have to some extent suspended competition. Therefore, I believe that the Cooperatives help keep private enterprise alive.

They attack monopolies wherever it is possible. In Ohio, farmers found fertilizer too high in cost and unsatisfactory in quality. They broke the local monopoly through combined purchases outside of their area and today we own four fertilizer plants of our own. We have lowered the cost and improved the quality. Private business followed suit. In short, wherever Cooperatives operate, they lend an honest healthy impetus to local business.

Thirdly, Cooperatives mean guaranteed products, quality products to consumers. Again the reason is obvious. Cooperatives are not trying to take advantage of consumers because the consumers are trying to serve themselves. Cooperative members are owners and want to know what they are buying. The American consumer lost another battle when the national grade-labeling bill for food products was lobbied out of Congress recently. Cooperative stores throughout the country carry on their shelves hundreds of grade-labeled food items. As a result, the buyer knows the content of each item often down to the last vitamin.

A national research foundation recently asked this question of many people: "Why do you patronize Cooperative stores?" In eastern territories, 85 per cent of the Cooperative patrons replied that it was because they could be sure of Cooperative quality. Americans have lost faith in some of their business institutions. Cooperatives throughout the country are doing much to revitalize that faith.

Again, Cooperatives exert a vital force in adult education. Cooperatives begin with a problem people have decided to solve for themselves. The very act of organizing and operating

a Cooperative business requires membership education. In addition, Cooperative societies set aside regular amounts from earnings to be used in further education. Forum and discussion groups are common in the Cooperative scene.

Never before has the demand for a thinking and enlightened people been as great as now. The tasks we face as Americans are vital tasks. It is important that we decide rightly the issues of security, of government control, of permanent international peace. These are all as critical as winning the war itself. Now education does not end with a diploma; it merely begins at that point. The people must know the issues of the day. They must discuss them with their neighbors. If we, as a people, ignore these responsibilities, we default our right for a better America. No country deliberately chooses fascism; it just slips into fascism. And if we are aware of what is going on in this country today, of the differences among groups and the like, I think there are implications in the scene about which we ought to be concerned.

I know of no organized group of people in this country who are as well acquainted with current issues as members of Cooperatives. In Ohio, 1,200 advisory councils meet regularly to discuss these issues. These are farmers and farmers' wives who are interested in the country and its future. And if readers want to restore their faith in human beings and their ability to think out their own problems, I wish they might see some of the minutes that we receive from these advisory councils every week.

Still another advantage of the Cooperatives is that they return ownership to the common people. One of the ironies of this great machine age is that we have lost our grasp of the world we live in. Millions of people have forgotten what it is like to own anything. They rent houses; they work in factories

without ever feeling the simple decent pride of owning or belonging to something. The results are not always desirable. People lose their initiative; they feel no responsibility to their neighbors or the community. As people, they are merely passing through.

We believe that Cooperatives fill this vacuum. People who own something feel a sense of responsibility to others. Lots of people in this country go "off the beam" over some idea. One of the best solutions for that problem is to give these people a definite interest in ownership of things. As a rule, ownership creates such an interest that people become perhaps conservative. Now we want people to be conservative in the right way. Hence I believe this whole question of ownership is one of the most vital things that is facing this community or any other one. The point is well illustrated by a happy old lady in England, a member of a Cooperative, who balanced a teacup on her knee and said: "Why, I'm one of the owners of the plantation from which this tea comes."

A lot of people say we cannot change human nature. I say we do not have to change it if we can give a man something that he can belong to, something he has a stake in; if we give him an opportunity to serve himself and others at the same time. The Cooperatives provide such opportunity.

Finally, Cooperatives lessen social tension. If any single fact has given Hitler heart in his losing struggle it has been the constant panorama of American group conflict: race riots; farmers pitted against labor; region against region; business against labor; and the like. It has not only been a stumbling block in our war effort but it can seriously hamper our post-war progress. America needs every ounce of unity that it can garner for the things to come and we think Cooperatives stimulate such unity. Cooperatives begin at the grass roots. They

embrace all kinds of people. There are no racial, religious, or political barriers. They bring people together to serve the common interest.

The farmer-labor conflict is one of the saddest blots on American history's record. The mutual distrust of these two elements of our society is without social or economic basis, but it is there. By working together they could exert a great positive social force. I think the Cooperative movement is going to bring them together. Labor and farm Cooperatives, working directly with one another, not only can improve their respective economies but they can resolve their conflicts.

To me one of the most significant things that has happened in the Coopèrative world has been the recent organization by the United Automobile Workers, largely under the leadership of Walter Reuther, of a definite consumer division. This is directing its attention to the stimulation of Cooperative thought and Cooperative action in this largest union in the United States. I do not know of anything that has given me greater encouragement than this development.

III

In general then we believe that Cooperatives develop a responsible citizenry. The democratic basis upon which Cooperatives are operated provide sound training in democratic participation. People who know their responsibilities as owners know their responsibilities as citizens. They have something at stake. Their educational program equips them to meet national issues intelligently. Cooperatives engender a "we" feeling—an interest in the common welfare so much needed in our national perspective today.

To sum up, these are the by-products of Cooperative organization: more goods to more people at less cost; opposition to

monopolistic practices and stimulation of fair business practices; consumer protection through guaranteed quality goods; education of adults to meet our political issues; return of ownership to the people; creation of greater social unity; and aid in the development of a more responsible citizenry.

Victor Hugo has said: "There is one thing stronger than all the armies in the world and that is an idea whose time has come." We believe the Cooperative philosophy is such an idea and perhaps its time has come. If it is not here now, I am sure it is going to be here after the next depression. I am not suggesting that all business should or must be Cooperative. We do not advocate a Cooperative commonwealth. That is neither realistic nor necessary. The simple fact is that the Cooperative approach is growing here in America with both vigor and constancy. If this growth continues, we shall see the day when all business will, of necessity, operate in the public interest and it will be a better day than we have known previously.

In a greater sense these are revolutionary days. We are fighting the war with one hand, and trying to shape a better nation and a better world with the other. We return again and again to the one fundamental issue: how much shall the government do for us; how much can we do for ourselves. If we are honest and realistic we know that essentially the government does for us those things we cannot and will not do for ourselves. If we do not want government regulation, then we must face and solve the social and economic problems ourselves. Government in a democracy does not just grow like Topsy. We make the government because we are the government. Cooperatives point the way to a solution of many of our economic problems down on the people's level. We cannot eliminate government regulation unless we eliminate the ne-

cessity for government regulation; and this, I believe, people must and can do for themselves.

One last word. No matter how we plot our future course, we are determined to keep alive the ideals that brought this country into being. Justice, liberty, and equality, and interest in common welfare do not exist in the thin air; they must reside in ordinary individuals and in our institutions or they do not exist at all. No economic group in America today, in our opinion, has given more tangible evidence of its devotion to these ideals than the Cooperative movement.

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THE PROBLEM OF URBAN REDEVELOPMENT

Guy Greer: *Introduction to Urban Planning*

I

I shall begin by reading a little essay that I wrote recently, while indulging in a dream of what the city of the future might be. It raises questions that face all city planners, and it offers some suggestions about what is involved in what we want in the urban community of tomorrow. Here is the essay:

"How would you like to make your home town beautiful, convenient, and truly fit for the pursuit of happiness? Beautiful not merely in spots, but all over; convenient, not just for a few rich people, with chauffeured limousines, but for every one; fit for the pursuit of happiness because freed from the overcrowding, the scrouging and shoving, the din and confusion, and all the nerve-punishing aspects of urban life that now make people scowl, and snarl, and bark at each other.

"Imagine, for a moment, that your city and its suburbs and the surrounding countryside have actually undergone the transformation they need. In this community of the future, you can live anywhere you like, in an apartment, or in any kind of house you can afford, so long as it is not too close to the dwellings of others. To almost any extent you wish, you can enjoy the advantages of both town and country living. You can nevertheless have all the material and spiritual benefits of communion with your fellows; for speed of travel will have taken the place of the need for proximity. If you happen to relish the jostling of crowds, you can still enjoy as much of it as you like, for you can always go quickly and comfortably to the local equivalent of Times Square.

"You will live in a clean, wholesome, orderly neighborhood, for there will be no other kind. Yet, in all likelihood you can,

if you want to, walk to work. Probably your wife and children can walk to the store, to school, to church, to the playground, to the movies. At the worst, they can take a bus or drive an automobile without endangering life and limb by dodging the traffic of a highway. If you want to drive your car downtown, or fly in whatever permissible contraption you own, you can do so quickly and pleasantly. And then you can find at once a place, off the streets, to park it.

"If you want to live in the suburbs or even in the open country and still work downtown, this will be easy. Most people will prefer walking to work, hence those who want to ride will have plenty of room.

"If you want to buy a house or other property, you can do so with fair assurance that its value will be preserved. While there will still be plenty of growth and change, the danger of your investment being wiped out by a run-down neighborhood will be virtually eliminated. Your real-estate taxes will be lower rather than higher; yet your city will be in good shape financially, for your local government will have broken out of the vicious spiral now strangling it, of revenues lagging behind expenditures, mounting taxes, and the flight of the wealthiest citizens to the suburbs.

"When you go for a stroll, whether from home or from work, or wherever you live or work, you will come upon parks and gardens; trees and shrubs and green grass will be abundant on all sides. Often there will be fountains and ponds and brooks of clear water. And of course there will be no unsightly advertising or ugly business shacks to offend the eye. A large measure of beauty will thus be inherent in the setting of the community; whereupon the buildings and all other externals will have a chance to give expression to the good and spacious life within.

"Is all this a description of Utopia—a dream of starry-eyed planners? No, it is not Utopia, nor is it a dream, except in the sense that all plans for the future are dreams. Your city or any other urban community in America can achieve these things for itself if it really wants to, and the legislature of its State (or States) will let it. These are of course very big *if's*."

II

I should like now to devote a little time to some of the obstacles in the way of making this dream come true. In the first place, I think it is pretty thoroughly demonstrated by all the experience we have had in city planning, and lack of city planning, that the planning must relate to the whole urban community and not just to the part within city limits. It has become clear beyond question that unless the planning covers the whole urbanized area, the suburbs will throw out of gear any sort of arrangement that can be worked out for the city proper. Transportation, particularly, is liable to be overloaded in parts and under-used in others. There will be a ridiculous amount of crosshauling. People will live on one side of the city and work on the other.

The planning to obviate all this must be comprehensive; it must include streets, roadways, parks, sewers, police, fire prevention, and so on. But above all, there is the necessity for keeping suburban growth under control, giving it guidance so that it will not throw everything out of balance. If it is not controlled, moreover, it is only a question of time, as can be seen on various sides of New York City, until we have slums and blighted areas in the suburbs just about as bad as in the older sections of the city.

In order to make such plans and carry them out, we must have a government for the whole urban community which co-

incides with its geographic limits. Those who have been thrilled by the vision of the Regional Plan Association of New York will know at once what I am talking about. There was the hope, and perhaps it will be realized yet, that the thinking back of the work of the Association was so good and so clearly in the interest of the community as a whole that the community would demand and obtain the legal changes required to permit the plan to be carried out. Of course, nothing like that has happened yet; and there is the fear that it will never happen unless and until virtually all the people of the great urban community centering around New York City first understand what the Regional Plan Association is driving at, and understand also the common-sense essentials of the planning. I do not mean that everybody must become a planning technician; but it is perfectly possible to translate the essentials of even such an enormous undertaking as that of the Regional Plan into language that is readily understandable by everybody.

To obtain adequate legal power to plan for the whole community, and then to zone it, and to use other methods of control to make the plan effective in the suburbs, is of course only a part of the problem. All of us know that the interiors of the cities and towns are decaying. Property values are falling to pieces. The great lending institutions and institutional holders of mortgages are seriously embarrassed. Above all, the cities are embarrassed in their fiscal set-up because there is this vicious spiral I spoke of a moment ago, characterized by flight to the suburbs and, along with it, rising municipal expenditures.

As to expenditures, there is no use fooling ourselves: a lot of people wishfully think that some day we will be able to cut them down and thus relieve the city budget. But that, I think, is an utterly forlorn hope. If there is anything certain in an

uncertain future, it is that municipal expenditures will go up rather than down.

There are two main reasons for that conclusion. One, of a general economic nature, is that as productivity in all kinds of work increases, fewer and fewer people are going to be required to produce the goods needed, and more and more people are going to be available to perform services. It is true that many of those services can be performed by ordinary business enterprise; but many of them can only be rendered by government of one form or another, preferably local government.

The second and more specific reason is that people are, and will be, demanding a greater variety of services, as well as improvements in existing services. It will become virtually impossible for anybody to be elected to office unless he promises and delivers those services.

But let us return for a moment to the problem of bringing the whole metropolitan area under centralized control. Perhaps the most fruitful line of attack is to strive for something that might be described as a federated local government. Now a federated government might be highly unified; it might consolidate nearly everything; or it might set up a very rudimentary sort of governmental machine with only a few functions. I suggest that it would be wise to start such a federated setup with only unified planning and zoning powers. Emphasis should be on the zoning, for planning is very little good in practice unless we have zoning to back it up. We could go along that way for a while and then see if we needed a greater degree of consolidation.

We might require some revenue-raising powers. Zoning might very well result in some lawsuits and damages and our rudimentary government would have to have money to pay them. We might end up with a complete consolidation, or we

might not. If we did, then it might become the essence of common sense to give that metropolitan area the status of a separate state. I do not know of anything in the Constitutions, either of the United States or of the States, that would prevent a slice being taken off two or three of the States to make another State.

Suppose, for example, that New York, New Jersey, and Connecticut passed a uniform statute—or amended their constitutions, if that turned out to be necessary—to the effect that any municipality, or county, or other unit of local government was authorized to combine with any neighboring municipality, county, or other unit of local government in the same or in a neighboring State for the joint exercise of certain powers. Those powers could be enumerated, beginning of course with planning and zoning. To make certain that we have democratic processes all the way, the consolidation, to whatever degree it went, should take place by a majority vote in a majority of the constituent local units of government, plus an absolute majority in the whole area. If there were holdouts, there would still be a majority in the whole area, and the holdouts would have to come in. Such a development ought to be entirely possible and practicable, and it could provide an adequate legal arrangement for the planned development of the New York metropolitan region or for any similar area. And then why not give the area the status of a State?

III

Thus far, I have discussed chiefly the problem of control of suburban growth—the phenomenon known as decentralization. I shall not take time to say anything much about this movement, this spreading out of the cities, except to make the flat assertion that we have to count on the process being con-

tinued. I think that is more or less obvious, primarily because modern transportation has made it possible for people to escape the overcrowding and unpleasant conditions of the older central areas. People insist on escaping such conditions and they are going to go on escaping them until such time as there is rearrangement of land uses and a lowering of population densities in the interiors of the cities.

In short, the flight to and beyond the periphery will continue until such time as it becomes about as pleasant to live in town as out in the suburbs. To what degree the population density in the central areas will have to be decreased, in order to make in-town living agreeable again, is uncertain. I do not anticipate single-family bungalows all over Manhattan Island. And in any case there will always be a certain proportion of the urban population which actually prefers multifamily apartment houses. By and large, however, the only possibility that the interiors of the cities will have to compete successfully with the suburbs as desirable places to live is by greatly lowering population densities and by providing, perhaps not every advantage that the open country offers, but a great many of those advantages.

Now that, of course, brings us squarely up to the problem of what to do about the slums and blighted areas. For it is overcrowding, by and large, that has caused the slums and blighted conditions. These areas are the big economic and social problems of city planning. The slums, of course, are essentially a social problem, which ought to be manageable under the police power of the city. It is the blighted areas that constitute the really serious economic and financial problem. I shall not attempt to outline any particular line of attack on such areas, except to remark that any line of attack would be well-nigh worthless until the kind of over-all planning job I

have been talking about has been accomplished. Of course I do not mean that the whole urban area has to be planned up to the last square foot of land. My very good friend Nathan Straus, in his recent book,[1] has quoted me out of context to that effect; but he apparently did not notice that I was referring only to a specific blighted area that was to be acquired by the city for redevelopment. I still insist that every square foot of that particular area must be planned before it is bought by a local government.

In closing these rambling remarks, I wish to emphasize again the need for legal and fiscal reforms in and around the cities and towns, as fundamental prerequisites to achieving any adequate solution of urban problems. The urban communities can plan, to be sure. It is perfectly possible, through various unofficial and semiofficial organizations, to make great plans; and they are immensely worth-while making. At least they can be of help in keeping costly structures from being built in the wrong places. But before the great over-all problems arising out of decentralization can be grappled with, some extremely far-reaching changes must be brought about in the legal organization of the cities and their surroundings. And such changes can only be accomplished, I believe, through a wide public understanding of the need for them, and then a determined demand on the part of public opinion to the State legislatures.

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[1] *The Seven Myths of Housing* (New York: Alfred A. Knopf, 1944).

Mrs. Samuel I. Rosenman: *A Re-appraisal of Urban Planning*

I

Many of the public works of the past twenty years could be diagnosed by a good psychologist as "escapist works." The emphasis has been placed upon new highways and bridges that lead to beautiful new parks and residential sections *outside* of the city. The results have been magnificent. The instruments themselves—the parkways, bridges, and parks—have been spectacular. They have been well done. But they have served as a powerful opiate that has lulled the citizenry into an unconscious apathy toward the rot at the center of things.

So potent has this opiate been that it has induced a general acceptance of the idea that those who can afford the time and expense travel each day some thirty or fifty miles between work and residence. It has also resulted that hundreds of thousands of noncommuters throughout this nation spend each working weekday dreaming of the weekend escape into the country. The city has become a mecca for tourists, a market place, and a meeting center. Whether it be a big city, a middle-sized city, or a small city, it is fast losing its "come-hither" appeal as a place to live.

Let no one tell you that roads and parks have not been expensive. In the last twenty years the State and Federal Governments have spent billions of dollars for new parks on the outer rim of New York City, in Westchester and on Long Island. In contrast, only a relatively small sum has been spent on new parks in the older sections of New York City. Park costs are scattered through the records of a dozen city, State, and federal departments. It is impossible to obtain a total

figure of their costs or even an estimate. But they have cost the taxpayers plenty of money.

While there is no record of costs, the Regional Plan Association does furnish a record of acreage. In 1940 New York City contained 22,054 acres of park, many of them at the fringes of the City, while the New York metropolitan region contained 134,282 acres and 306 miles of parkway.

I do not decry the parkways, hedges, and parks that make daily travel and Sunday larking easier. I do decry the fact that public moneys were poured into these assets (and poured is a proper term because they were costly) without balance, without consideration of the alterations that were necessary within the city. That is because we have pursued a catch-as-catch-can planning policy.

Let us look for a moment at the new public-works program for New York City as proposed by the Department of Parks. In Manhattan it is proposed to spend almost sixteen million dollars lifting the face of existing parks, museums, and inns. Of this sum $3,350,000 is to be spent on the reconstruction of the perfectly adequate Museum of Natural History. The Museum is sound and serviceable but a bit outdated architecturally. It is unconscionable to spend that sum in reconstruction of an adequate museum structure while Manhattan lags because of congested traffic arteries, stifled recreation room, and antiquated neighborhood layouts, which cannot compete with outlying areas as sites for good taxpaying dwellings.

Such a proposal is comparable to that of a surgeon proposing the removal of my lady's wrinkles while her stomach is wracked by the pain of a stomach ulcer. At the same time as the Park Department proposes that sixteen million dollars be spent on wrinkle eradication, it proposes a measly little $900,000 be spent to provide nine little dots of new playground

space and one addition to an existing playground. What will these piecemeal dottings do? Will they remake the areas? No. Do the areas require remaking? Yes. Then, what purpose will they serve? They will bring a mite of help into areas that require major help. That mite is but a stopgap.

Let us look at Brooklyn. The Park Department proposes to spend less than a million dollars on new playgrounds in crowded central areas and over fourteen million dollars for new parks and parkways that lead out to, or are at the fringes of, the City. Nine million six hundred thousand dollars is to be spent on extensions, maintenance, and improvement of existing parks and parkways, many of which lead to the outskirts.

I make this comparison not because the outer parks are not desirable but because all of the emphasis is placed upon them, while but a pittance of attention is given to those areas which are so important to our everyday life. There is no planning perspective here. The individual items are good but they are each viewed by themselves and have no relation to the whole.

As for the Bronx, about twelve million dollars is to be spent in new peripheral development; only 700,000 dollars on new breathing spaces in established crowded areas. In Queens, close to eighteen million dollars is to be spent in new peripheral development; one million is to be spent for new breathing spaces in established crowded areas. In Richmond six and a half million dollars goes to new park development and fourteen million dollars to new parkway construction. These developments will provide refreshing Sunday escape; but is it not time that we looked to our everyday life? Is it not time that we considered public expenditures in relation to our everyday life?

The city must be viewed not as a patchwork of highways,

a mass of brick and wood, and a series of market places. It must be viewed as the medium for people—people who grow from childhood to maturity and who must have a place to live with their families. People want to work, to play, to be educated, to shop, to move about.

II

Let us consider work. It cannot be assumed that there is opportunity for full employment in every community. That fact makes it urgent that every community face the mirror and take a good "look-see" to find out how many people they can expect to employ in the future. We are advised by Carl H. Hendrickson, regional business consultant of the United States Department of Commerce, that a large proportion of industry in the New York region "will have no plant reconversion problems for they are producing the same goods for the government that they made for civilian markets. Relatively few have to make major change-overs." That makes the employment appraisal task much simpler for New York City than for industrial communities converted to heavy war industries. Mr. Hendrickson adds that "research into Atlantic air passage should convince airline officials that New York City and the area immediately surrounding offers their greatest potential market." This also is a guide to the future.

The Regional Plan Association recently reported that the New York metropolitan area had "the greatest diversification of employment to be found in the United States under normal peacetime conditions." It must be borne in mind that the New York metropolitan area referred to is composed of twenty-two counties of New York, New Jersey, and Connecticut. In planning for postwar New York City we must know how many of these employment possibilities are within New York City it-

self; how many people will be drawn from the City to the other 17 counties included in the metropolitan area. The location of man's work should be a determining factor in his living choice.

In planning postwar New York City the total acreage of usable land should be measured into appropriate proportions for the requirements of its expected population for living, industry, commerce, shopping, recreation, education, and transportation. The magnitude of the population that can be gainfully employed and the acreage available for living purposes must be analyzed so that we do not crowd up one tenth of it and leave the rest to suffer blight and incompetence; so that parks and playgrounds are parts of every neighborhood and not the gorgeous framework of a wornout mosaic. Cities should not, like greedy children, reach for more than they can contain. There is no virtue in just being a big city. There is virtue in being a city that can employ all its citizens in industry, and in essential services, whether they be private or public.

Cushions of made work for postwar unemployment should be unnecessary. There will be no need for such programs after the war if plans are made now to put men to work producing the necessities of civilian life. The corner drugstore proprietor, the banker, the industrialist, the mayor and the governor, the Congressman, the city planner and the builder, the real-estate investor and the man who labors manually will all have to refit themselves to a postwar world. If they make the pattern of production fit the needs of life, life will be full without a forced stimulus of museum face lifting. There will be no need of an *artificial* shelf of public work.

The fact is self-evident that there must be full employment. It is also self-evident that whatever leaf raking was a la mode in 1933 was necessary because the depression of 1929 had not

been anticipated; and when it hit in 1929 the Federal Government did little or nothing about it. There were no plans for better work. But as the WPA period progressed, it quickly developed works that serve very definite use. Communities throughout the nation now benefit from the fine schools, bridges, roads, and homes erected by WPA labor. But though public works will be required in the future as they have been in the past, they need not be regarded as part of a made-work program. They must be the arteries of public use which are developed as the body grows.

In order to scotch the fantasy under which men will be re-employed on a made-work or artificial public-work basis, it is necessary to give careful thought to the needs that stare us clearly in the face and to set fertile minds to the ways of meeting those needs. Those needs are the demand market of the future; but they cannot be met just by the realization that there is a market. Man's ingenuity must tackle the way to the market, for it is beset by thorns that have grown up in the past.

The great demand market of the future is better living facilities. Housing is the inclusive term that is used, but it covers the living needs of the people who live in those houses. If the houses and the collateral living needs are to be supplied to the potential market, plans must be prepared now. In preparing those plans four facts must be borne in mind.

1. Public funds must be spent for essential public works to equip any new neighborhood, whether it be a remade neighborhood in the center of a city or a new neighborhood at the edge of the city or in the suburbs.

2. Public works will cost money in any place, so the public must be certain that the shelf that is being prepared has no fancy groceries on it but plain essential staples.

3. Over a period of years the people of New York have ac-

cepted with complaisance and a certain pleasure the expenditure of large amounts of public funds upon new parks, parkways, subways, bridges, etc., that lead population out of the City.

It is now wise and good business to spend money on well-integrated and well-planned public works at the center of the City. And I do not refer merely to a new fashion center and new opera house, spectacular and worth while as they may be.

III

It will be said that land is more expensive in central areas of the city and therefore works at the center will be more costly. That is true. There are two steps in meeting that cost. The first is to pay it if necessary and do that which is most needed and will bring the greatest dividend in the future; the second is to find ways of helping to meet that greater cost.

Those of us who have been concerned with the problem of urban redevelopment have given consideration to possible means of financial assistance. I will outline some of the alternatives that are possible and will attempt to describe them briefly without any expression of my own opinion.

In New York State we have two urban redevelopment laws permitting the formation of urban redevelopment corporations which, with proper authorization, may obtain powers of condemnation and a tax exemption in the form of a freezing of present assessments on land and buildings. Many people regard this law, which finds counterparts in a few other States, inadequate. They do not think these two advantages to the redevelopment corporation are sufficient inducement to large-scale rebuilding, particularly since the returns are limited. They believe that there must be a new instrument that translates the present high cost of land into a cost in consonance

with the use value. In other words they seek a means of wiping out the fictitious value of the land.

Four such plans have been presented. The first was presented in two forms about a year ago. One was embodied in the Wagner bill, the other in the Thomas bill. Both measures provide for the advance of federal funds to cities to enable them to purchase land for urban redevelopment. Those funds are to be repaid to the Federal Government from such net returns (over and above local taxes) that are earned from the sale or lease of the land to private redevelopment corporations. There is no set amortization period. The underlying theory is that land does not deteriorate. It remains a constant potential asset and there is therefore no inordinate haste for the return of the borrowed principal. With the leisurely amortization gaited upon ability to repay and the very low interest rate, the land cost is measurably reduced. The Federal Government clearly pays a subsidy through the long-term amortization and the low interest rate. The extent of the subsidy is to be measured by the financial success of the various redevelopment projects.

The second plan presents less of a subsidy. It proposes that urban land authorities, organized and controlled by the cities, shall issue bonds amortized over a definite period of 99 years. These bonds would be fully guaranteed regarding principal and interest by the Federal Government. They would be floated at 2 or 2¼ per cent. With amortization charges spread over 99 years, the total fixed-level charges would be about 2⅓ to 2½ per cent. This plan contemplates no actual subsidy from the Federal Government. It contemplates merely that the government guarantee the urban redevelopment bonds. That guarantee will ensure a low rate of interest.

This plan would not cover the redevelopment of all blighted

property because it does not wipe out a sufficient amount of inequality in present cost and potential cost. The plan is advanced in the belief that a large percentage of blighted areas do not need the extreme amount of help. It is proposed that it will be an effective instrument in dealing with the rebuilding of a large percentage of blighted areas, perhaps a half, perhaps three fourths of them. Since Utopia cannot be secured overnight, this plan has been proposed as a way of getting started.

The third plan, advanced by the National Association of Real Estate Boards, proposes federal legislation which would permit any individual in calculating his taxable net income to deduct a sum invested in issues of Urban Land Authority bonds just as he is now permitted to deduct moneys that are gifts to charity. For instance, Mr. Blank has an income of $100,000. He invests $50,000 in 1948 in new issues of Urban Land Authority bonds. He would be permitted to deduct $50,000 in addition to other deductions legally permitted, in arriving at his taxable net income. The income from the bonds would also be tax exempt.

Proponents of this federal legislation do not admit that this provides a federal subsidy, and feel that through its medium they will be able to untie the apron strings of federal bounty, induce wealthy people to buy Urban Land Authority bonds in large volume, float such bonds at a one-per-cent interest rate because of their tax-saving graces, and amortize the principal over a 99-year period. Bonds issued under this plan would be included under the cities' debt limitation unless the States passed special legislation excluding them from the statutory debt limits of the city.

There is a fourth plan that proposes that land-acquisition bonds be issued by Urban Land Authorities with the Federal

Government guaranteeing these bonds as to principal and interest. Based upon 99-year borrowing, such bonds could probably be amortized with principal and interest at level annual charges of about 2⅓ to 2½ per cent. In order to cover areas requiring greater assistance, this cheaper financing plan would be accompanied by annual subsidies, on a 50-50 matching basis between the localities and the Federal Government, to cover the difference between the rental yield and the costs.

These are the four plans that are now under general discussion. Under all of them, plans for redevelopment must be reviewed by the city fathers and must fit their proposals for city rebuilding.

IV

In past planning for rebuilding blighted areas we have fallen into the unfortunate practice of considering the rehousing of one income level and creating islands of housing for one price range. The result has been that the area becomes a marked area. A marked-income area is not desirable whether the income be $900 per year or $5,000 per year. Contrary to popular impression, one cannot today or could not yesterday walk along Park Avenue, Third Avenue, or East Broadway in New York City and tag the income of the people who live in the buildings on these thoroughfares. Each neighborhood contains families with a wide range of earnings. Income levels do not start abruptly at one street and end at another. There is a desirable fusion of people of all walks of life within established neighborhoods, and that fusion should be retained in rebuilding neighborhoods.

Rebuilding, to be successful, cannot be handled piecemeal. It is not enough to tear down shabby structures and build new buildings that are sound and sanitary. It is not enough to add

a spot of green and some playground equipment. It is not enough to provide egress from city living. To do this job well there must be a full realization of the origin of our present method of treating fresh air, flowers and shrubbery, play space, and cavorting room as an addition to city living instead of a part of it.

Lewis Mumford wrote: "To tell the truth, a pall had fallen over the industrial city: contemporary writers in the 'forties and 'fifties speak of the filth and smoke, and without doubt the chocolate brownstone front was introduced as a measure of protective coloration. In this dingy environment, men turned to nature as a refuge against the soiled and bedraggled works of man's creation; and as the creeping factory and railroad train removed Nature farther from their doors, the park was introduced as a more convenient means of escape. The congested capitals of Europe had already learnt this lesson; traveled Americans, like William Cullen Bryant, brought it home; and Central Park, planned in 1853, was the first of the great landscape parks to serve as a people's pleasance. Conceived in contrast to the deflowered landscape and the muddled city, the park alone re-created the traditions of civilization—of man naturalized, and therefore at home, of nature humanized, and therefore enriched. And even today our parks are what our cities should be, and are not."[2]

It is time we set about making our cities what they should be. It is time we spent public moneys where there is less drama and greater benefit.

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[2] *Sticks and Stones* (New York: W. W. Norton and Company, 1924), 238 pages.

Ira S. Robbins: *Planning Our Postwar Construction*

We have all heard the statement that one of our chief problems is that of finding the funds with which we can redevelop substandard areas. I have an idea that, even if municipalities hit the "jack pot" and money flowed out from everywhere so that they could buy up all the land in substandard areas, they would still be faced with a very serious problem. That would be the problem of using the money efficiently and economically and in the best interests of the city as a whole. Moreover, it is my opinion that the public mind is too much centered on the need for reconstructing and rebuilding the central substandard areas and that it is relatively indifferent to what will take place in the rest of the city or just over the city line.

Right after the war I am fairly confident that we are going to have a tremendous building boom, and at the same time we shall probably have a lot of discussion about rebuilding cities. If we hit the "jack pot," maybe there will be some rebuilding. But while city officials are occupied with this rebuilding they will really be walking on a form of treadmill, because, unless we take certain very important precautions, we shall at the same time be building the slums of tomorrow on the outskirts of our city or just over the city line.

The natural tendency for the man interested in building homes is to go where land is cheap and where taxes are low. When the boom starts over the city line, either in the township or in the village, the town and village fathers will think that represents progress. Far from impeding the development, they will encourage it, and they will repeat what they did after the last war. A lot of jerry-built houses will go up in the wrong place, for the wrong income groups. They deteriorate quickly

and the long-run investment of the builder or owner will turn out very badly. What is more, the municipality is likely to take a licking at the same time.

Hence, I am particularly interested in formulating a program of preventive action at this time, action that can be taken whether or not cities find the funds with which to redevelop substandard areas. Ultimately they are going to find those funds somehow, but in the meantime there is a job to be done. For, even if they find the money, they will not be prepared to carry out their plans efficiently unless some preparatory work has been accomplished.

I

In the first place, city fathers must have some idea of what the future of that city is going to be: in what direction it is going to grow; where its residential and commercial and industrial districts should be; where its transportation should be; where its schools and public buildings should be. I wonder how many cities in this country, or even in this State, have master plans. I think I know the answer: less than half a dozen.

In the second place, in order to protect themselves and to do the job properly, the cities will have to plan not only their own interiors, but towns that are just outside the centers and the parts that go over the city line. We cannot limit ourselves to plans and schemes for rebuilding the centers of blighted areas of cities. And it is not so easy to accomplish the planning of the other areas because the public is likely to resent regulation and control.

There are, however, a few things we can do. In the past we have seen an excessive number of subdivisions of rural land

set up with the idea that ultimately those divisions would become part of the city. A few lots were sold off and a few people started to build. Very often no utilities were put in. In some cases, because of the fact that some homes were built, the city was forced to put in street systems, lighting, electricity, water, and sewage at a tremendous cost.

There are certain tools that the cities will have to use to prevent this sort of development in the future. The courts and the public have become accustomed to the idea that cities must use the power of eminent domain in order to assemble land in the substandard areas. Without it, they are lost. But that power must be extended. Municipalities must have the power—call it eminent domain or call it excess condemnation —to acquire land on the outskirts in order to provide for the proper development of the entire municipality. They must also take a second step. They must have the power to acquire land for use in the future.

When we use the power of eminent domain, the courts say that the land is necessary for a public use. Condemnation of land to be held in reserve, in some quarters, is not considered "necessary" land; but from my point of view there are two reasons why it is necessary to protect the city's future. One is to prevent blight from encroaching on that part of the city that is properly built or rebuilt. The second reason is to provide land for extensions of the city at a reasonable price as the land is needed.

Although few people know it, the fact is that New York State's constitution, since 1938, has provisions not only for granting cities the power of eminent domain to acquire land in substandard areas, but for granting the power to acquire lands for use in the future. New York State's municipalities are therefore well situated. I do not believe any other State

in the Union grants that power. Other States ought to provide such powers and start doing so soon; for adding amendments to their respective constitutions is a slow and complicated process.

Another point requires consideration in connection with rebuilding of the central parts of cities and planning for the outskirts. Modern building codes are needed. A building code may be an uninteresting topic; but it is precisely where our modern building code is nonexistent that we get jerrybuilt housing on the outskirts of cities. We pour out money to build such housing and thereby lay the groundwork for a campaign fifty years hence for funds to rebuild these communities. We also need to modernize our building codes because the antiquated, obsolete provisions in some of the existing codes very often result in higher costs for all types of construction. Prefabricated houses, for example, will have a hard time in many communities unless the building codes are modernized.

The zoning laws must likewise be brought up to date. Zoning is an excellent concept; but in many places, although zoning laws are on the books, those laws are really still mere concepts. They have no teeth in them. Far too much space in communities is reserved for business and industrial use; and, as a result, business and industry creep into those sections of the city which should be reserved for residential use. That is one of the causes of blight. We must tighten up our zoning laws.

I reiterate that in looking forward to postwar building, we must modernize our building codes, our demolition ordinances, and our zoning laws. We should start on these programs today if we are going to be ready when the war is over and the money is forthcoming.

II

There are other tools that can be provided to permit a city to go about this business of reconstruction and planning in an efficient and economical way. For example, there is the procedure for foreclosing land where taxes are delinquent. In many instances that is a very complicated legal procedure. It can be simplified.

Moreover, the whole policy of a city in connection with its use of tax-delinquent land needs reformation. We have been brought up to believe that a city should never own or hold land for any purpose other than immediate use and that it is bad business for the city to be a speculator. As a result we have not allowed a city to do what any ordinary prudent businessman would do. It usually waits a long time before it forecloses liens on delinquent land. Then it buys in the land and immediately dumps it on the market. Usually this is done at a time when the market is at its lowest. Thus the city gets little return for the land and probably aggravates an already bad real-estate market. What is even worse, it lets slip an excellent opportunity to assemble lands for public purposes; for it could quite possibly exchange the lots which it acquires under tax-delinquent liens for other lots in the city and thus assemble land cheaply on a large scale. The city's present policy is simply to wash its hands of the whole business, and that policy has to go by the boards. In a few places, indeed, it has been changed.

Now we hear a great deal about decentralization. There are two kinds of decentralization. There is the kind that we have right now and that we have had for a long time: the kind where the population is just running away from the cities that are congested, that contain traffic hazards, that do not

have good educational facilities, and that in general are poor places in which to live. It is the haphazard decentralization which is wrecking our cities financially and which is causing the spread of blight and substandard conditions.

Then there is planned decentralization, the kind that we will have, if we have a master plan. We are going to have to loosen up certain parts of our cities and more or less evict some of the population from those sections and place them somewhere else. When we go through that procedure we shall have two very definite results. We shall have the old city with open spaces, *i.e.*, parks, wider streets, playgrounds—in other words an old city which is a desirable place in which to live; and we shall have new communities, either within the territorial boundaries of the city itself or over the line, which are equally desirable places in which to live and which will not be the slums of tomorrow.

In short, what I am aiming at is what my friends in the housing field would say is a sensible, urban land-use policy. Those words may be terrifying, but what they really mean is that we must stop going ahead on the chaotic, unplanned, unorganized basis on which we proceeded in the past. We must apply the instruments of control which we now have, or which we can get, over the use of land. With those instruments we shall prevent a duplication of the gross errors that we have committed in the past. We have to provide protection to all sections of our cities, and we have to provide opportunity for our cities to grow sensibly.

III

Now about finances. I cannot predict what Congress will do about providing funds or guarantees for the clearance and replanning of substandard areas. As for the States, I think they

should consider two possibilities. I do not believe that the States should subsidize the cities in financing redevelopment, but I do think States should help the cities plan for redevelopment. States might pay half the cost of preparing a municipality's plans for redeveloping specific areas. Cities are easily discouraged by the vastness of a contemplated undertaking and sometimes do not even want to shoulder the cost of the plans which have to be prepared before any steps can be taken. Nor would there be objection to having State planning and housing agencies assist cities in working out their planning and legislative problems. That would hardly mean that the State would be formulating or imposing policies on the cities. It would be helping them work out the technical details of a very difficult problem.

In the second place States should give consideration to helping municipalities financially by borrowing money from the public and then lending it to the cities at the rate of interest which the States pay their bondholders. That is what the State of New York does in connection with public housing projects. It borrows funds from the public and then lends it to the housing authorities. Such an operation does not cost the taxpayers of the State or the city a nickel; and it would be a boon to cities. The State of New York, for instance, enjoys a very high rank in the financial market. It sold a bond issue for housing purposes on March 1, 1941, to run for fifty years at an average interest rate of 1.286 per cent. That is an exceedingly low rate of interest. If cities could borrow at that rate, they would be able to cut very substantially the ultimate cost of whatever kind of redevelopment they undertook, whether it was residential, commercial, or industrial. In other words, just using the credit of the State for purposes of obtaining funds would be a very helpful factor.

I am not going to discuss the various urban redevelopment corporation laws at this time. I think that they are valuable. They may produce some incentive to private capital in the future. That remains to be seen. In all likelihood, the greatest part of the building done in the postwar years will be done by private capital.

But in any discussion of the rebuilding of substandard areas and the replanning of our cities, we have to plan to take care of those people who will not be taken care of by the ordinary operation of private enterprise. There are no indications that private enterprise will be able to take care of our lowest income groups. It will therefore be necessary to have a public housing program and it will be up to the public to decide what sort of a program this shall be. The theory on which most people are proceeding is that the cities will obtain funds, either loans or loans and subsidies, to buy up and assemble land, and then sell it off on a competitive basis for private development, the cities reserving whatever land they need for new schools, for wider streets, and for other public purposes.

But in applying this process we cannot ignore the fact that many of our substandard areas contain buildings occupied for residential purposes by low-income families. A public-housing program must, therefore, be integrated as part and parcel of any over-all planning or replanning of our cities. Hence there must be both over-all planning and private building at the same time; otherwise there will be great hardship, a great deal of unfairness, and the possibility of the collapse of the whole program because of its antidemocratic and socially undesirable character.

In conclusion let me say it is not too early for us to stop talking and actually to start doing something about establishing planning on a regional basis. I do not mean action by un-

official organizations. Some one has to pull our counties, our villages, our townships, and the cities that are in one metropolitan area, together and see that they set up at least some sort of cooperative working arrangement. Only by that means will we get regional planning in fact and not in magazine articles or in books. I may be a little prejudiced, but I think that is the State's responsibility. The State can look at the job objectively; it can act as a center of information; and it can act as a catalytic agent to bring these various units together.

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ORGANIZED LABOR AND THE STATE

GEORGE BALDANZI

It is becoming increasingly clear that the role of the labor movement in American society can only be considered properly when it is realized that unions are more than collective bargaining agencies dealing with wages, hours, or conditions of work. Labor unions are human organisms; they are made up of people. And if we think of them in those terms, we can get a better picture of exactly what our problem is. It is true that labor unions have as their primary function the organization of their economic strength for purposes of improving wages and conditions of work. But unions also have a much broader purpose since they reflect the hopes, the ideals, and the wishes of the workers; they represent the workers' desire to achieve the good life, one that would provide them and their families with economic security, educational opportunities, political independence, and the possibility of full democratic participation in our society.

In our country no other institution has made these goals its primary objective. As a matter of fact, in many areas of this country—in many of the coal-mining communities, in the large steel centers, and in many textile communities, especially in the South—the simple democratic rights such as free speech, freedom of assembly, or the freedom to vote without fear of economic retaliation were denied to workers until such time as the unions came along and were able to protect them. Hence any consideration of the development of unionism as a social force, or of the reaction to that development on the part of anti-union elements in our society, must be considered in the light of these broad objectives.

Abroad, labor was the first to recognize the dangers of fas-

cism. The labor unions also recognize that menace in some of the reactionary trends that are taking place here in this country, trends that manifest themselves in many ways. For example, there are the legislative restrictions in the Smith-Connally Act, supposedly a no-strike, or anti-strike, bill but actually designed in part to limit the political freedom of the organized labor movement by forbidding contributions to a political candidate. Again there is the proposed National Service Act, which we view as another threatened step in the direction of limitation of our freedom.

It is alleged these restrictions grow out of labor's stoppage of the war program. I do not think that it can be said that labor has been unpatriotic in the war program. There has in fact been no other group in our society that has been ready to sacrifice more, or that has contributed more to the war effort. Right after Pearl Harbor, as the result of a meeting held in Washington, labor relinquished its right to strike and labor set aside its legitimate demands and aspirations for the duration of the war, because it realized that the most important task that lay before us was the winning of the war. We have seen only too well what happened to the labor movements in Germany and Italy and the other nations in Europe as a result of the development of fascism and nazism. Hence, when our nation became involved in war, we were the first to cast aside our rights in many respects and pledge that, for the duration of the war, we would keep production moving. It is true that there have been some strikes in American industry; but on the whole the record of labor compares favorably with that of any other group within our society.

Labor feels that the proposed National Service Act is not necessary at this time. Even though we are prepared to make every sacrifice necessary to win the war, we do not feel that

we are prepared to be conscripted to work for private profit; and that is what the National Service Act implies. If profits were eliminated, and every group submerged its individual or collective desires for the benefit of winning the war, that would be another matter. But as long as industry is making enormous profits, labor will oppose a National Service Act because we think there is a difference between being drafted to fight for our country and being drafted to work for General Motors, or United States Steel, or some other huge corporation which is making a very fine harvest out of this whole war crisis.

In labor's opinion much of the current propaganda is reactionary. It tries to create the impression that our business system is perfect and should not be subjected to reforms of any kind. The present campaign for free enterprise as a cure-all for all the ills that have affected our economic system finds its acme in the Baruch plan,[1] a plan which might very well be labeled the "Beveridge Plan for Millionaires." This plan proposes that all it is necessary for us to do is to go right back to where we were before the war started. Under a system of free enterprise, it is argued, there will be full employment and jobs for all. There will be economic security for all the people through a "return to normalcy."

Historically, the facts are otherwise. We have never had full employment under our system of free enterprise. Even during the war there has been some unemployment. And although it is true that in this war crisis we have utilized our industrial machine to a much fuller degree than at any other time, it is questionable whether merely by a return to a sys-

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[1] Bernard M. Baruch and John M. Hancock, *Report on War and Post-war Adjustment Policies* (Washington: United States Government Printing Office, 1944).

tem of free enterprise following the war we shall be able to achieve all of those objectives for which we think this war is being fought.

Another trend that reflects this reactionary tendency is the effort to create public contempt for all forms of economic planning. There has been an obvious endeavor to discredit social ideas and proposals to bring intellectuals, or professors, or people of that level of training into the government. I think this is manifested by the recently passed amendment to the OPA legislation requiring that businessmen be appointed administrators. The whole drive has been dominated by the slogan, "Let business do it all."

There are also organized attempts, still being promoted, to distort organized labor's motives and objectives, to play up strikes with the intent of arousing hatred of other social groups against the unions. Much of this is developed in material sent to the armed forces. It is an everyday occurrence, particularly the talk about strikes. If a handful of people have a "sit-down" strike or cut off a department in one of the plants, it immediately calls for huge columns in the press. But if a manufacturing concern is convicted of selling defective material the story is buried on the last page, so it cannot be found. The emphasis is on labor's alleged iniquities; big business is painted as "lily-white" all the way through.

The utilization of racial hatred for political purposes is reflected in statements of various Southern Congressmen who preach the doctrine of white supremacy in a day when the world is in flames and is fighting a war to establish the dignity and equality of mankind. They are trying to play off one race against another, one nationality against another, and one religion against another. International problems are being

utilized as a propaganda medium to create suspicion and to carry on antiprogressive policies.

Resistance to the repeal of the poll tax is an illustration. This tax strips many millions of our citizens of the right to cast a vote. Nor is it merely a Negro question. I have occasion to spend much time in the South in relation to the work of the Textile Union of America and there are millions of whites as well as Negroes who are denied the privilege of voting because of the poll-tax laws. The reactionary trend is not only tied in with the poll tax, but with the right of the soldiers to vote. The reason why poll-tax politicians do not want the soldiers to vote on a federal ballot is because they know their number is up if the boys on the other side get a chance to vote.

This reactionary trend of which I speak has corrupted our war aims. It would appear that the aim of this war is to kill Japanese or Germans. It is no longer a question of waging an economic and political war against fascism as such. That has been forgotten or obscured by our current war propaganda.

When we became involved in this war we understood that it was a total war, a war of ideologies, a war in which there was to be no compromise with fascism. It was literally a question of freedom or death; and to win this war would require the total effort of all the people. In that total effort, moreover, there was to be equality of sacrifice. Accordingly labor gave up its right to strike; and we were told that the rights and privileges of the people would be protected, the cost of living would be regulated, and that profits would be curtailed. In a word, equality of sacrifice was proclaimed. But the opposite of equality has been the rule. Big business has made huge profits and it is still not satisfied. In the tax bill that was just

passed, the government has recaptured many billions of dollars through renegotiation of war contracts; but in December the renegotiation provision goes out of the picture. There will be no more renegotiation.

Moreover, there is current a drive to try to elect a government in the image of monopoly business, a government that will rigidly regulate labor-management relations even to the point of trying to enforce universal compulsory arbitration. This is reflected in the candidacies of such men as Bricker and Dewey and the war against men who speak out, such as Willkie. Recent cartel exposures also indicate an extension of the controls of monopoly, nationally and internationally, over basic mass-production mechanisms and raw materials.

From all these developments labor concludes that the winning of a military victory over the Axis will not ensure the destruction of fascism abroad nor the uprooting of its sprouts at home. The manner in which the war is being waged portends a postwar economy incapable of averting unemployment, insecurity, and depression. Hence labor knows that it faces an increasingly bitter fight to maintain its democratic right to work economically and politically for genuine industrial democracy.

II

In this fight labor recognizes it must abandon "trade unionism as usual." I mean that the unions must wake up to the fact that they can no longer advance their interests through the sole device of bargaining collectively for wages, hours, and working conditions. They must assume the additional responsibility of initiating and promoting a program of social progress designed to correct the evils which give rise to unemployment, insecurity, economic stagnation, and depression.

The labor movement will accordingly have to develop a

much broader scope. It must emphasize the idea that labor unions have a right to participate in the management of industry at both the policy and administrative levels. This must be done not for the good of labor alone, but for the welfare of the whole community. Labor must also popularize the demand that industry assume its proper share of social responsibility for full employment, full production, security for workers, fair distribution of goods and services to the public at prices suited to the public purse, and transmission of the benefits of technology to the consumer in the form of increased production at lower prices.

Labor must also see to it that unemployment security funds are jointly administered by unions and employers. It must aim at the negotiation of annual wage clauses in union agreements to increase the wage level as the level of profits increases in order that the worker's income and purchasing power may be stabilized. Labor must fight for the establishment of industry-wide stabilization through negotiation of industry-wide wage agreements based on equal pay for equal work, regardless of the product manufactured or the geographical location of the plant. If that is done, industrial competition will be based increasingly on such factors as efficiency, technological skill, and increased service to the public, rather than on exploitation and unfair working conditions.

We have a very good illustration of the latter type of competition in the textile industry. For a hundred years that industry has been constantly shifted from higher to lower wage areas. The shift is reflected by its early development in the New England States and its slow migration over a period of years to the southern part of our country, into Virginia, the Carolinas, and then farther down to Mississippi. The compelling aim in all this migration has always been low wages.

There must be a vigorous expansion of the principle of

democratic social ownership of the means of production and distribution through broad participation by the labor movement in existing Cooperatives and in the organization of new Cooperatives. Through such a program, unearned income will be diminished and the profits of productivity will increasingly be diverted into the hands of the consuming public. Cooperative projects should be expanded in the fields of housing, health, and insurance, as well as in the area of production and distribution of consumer goods.

Labor must also support the extension of the TVA principle, particularly with regard to war plants and other facilities now owned by the government. During this war the Federal Government has built up an industrial empire that runs close to the eighteen billion dollar mark, in aircraft, aluminum, magnesium, and other basic industries. There is already a drive, as reflected by the Baruch plan, to have this huge industrial empire liquidated or sold to big business for a few cents on the dollar. It is labor's feeling that most of this equipment should be kept in operation. If necessary, we should use it as a TVA yardstick to make sure that it will stay in production and likewise aid in curbing monopolistic practices. We need it also to provide work for the millions who will need jobs following the completion of our war program and the reconversion to a peace economy and also to provide jobs for the ten or twelve million who are now in the armed services.

As a contribution to general employment and full production, labor should cease monopoly practices by labor unions in those areas of production where fear of unemployment forces organized labor to collaborate with employers in fixing prices and restricting production. I do not think it is only labor that is responsible for these restrictions; it is a combination of labor and management. And in so far as the actual

holding up of technological improvements is concerned, I think management is much more responsible than labor.

Labor should also participate on a vastly increased scale in the field of social services. It should cooperate in all socially desirable endeavors, such as housing, health, relief, and education.

In other words, organized labor must so conduct itself in all of its economic activities as to assume a larger share of responsibility for the success of community projects. It must prove that union workers as such are also part of a community and that what affects them affects the community. There should be no distinction between them and the community. Together with all other groups, labor must work out a positive program that will bring a broader participation in all phases of our economic and political life.

III

With reference to political action there is no question that the day has passed when organized labor can function exclusively within the economic sphere. Labor must cease to act as a pressure group that lobbies only for its own interest. It must initiate, and promote jointly with other groups, an overall political program designed to advance the interests of the whole community through popular democratic action of all the people. The base for the establishment of political action should be discussion groups. Such groups could consist of trade unionists, farmers, small businessmen and professionals, technicians, white-collar groups, church groups, and racial minorities. Proposals for social action should flow from those groups. They should aim at democratic progress for all the people and not merely for labor. Unions must cease to act as

if their own political strength is sufficient to resist reaction or to fight off fascism.

We have clearly seen that the power of labor alone is not sufficient to defeat fascism. We must broaden out and rally all the progressive forces in order that we may combat this reactionary tendency. Labor political theorists must abandon the obsolete revolutionary notion that only those who labor with hand and brain are truly of the ranks of labor and must therefore become part of a special labor party. Fascism, we have seen, will not wait upon the success of this dogmatic theory. Indeed fascism builds its power on the middle class by teaching it to fear the power of a working-class government. Hence, we must broaden our base. The democratic movement must be kept free from domination by any sectarian old-guard political party either of the left or right. Unions must expand and intensify their educational programs for the purpose of convincing the organized workers that political action is essential for the preservation of labor's rights.

In the past five or ten years, the trade-union movement has become so interlocked with government that of necessity labor must become more politically conscious. It must do so to protect its immediate and future interests. Much legislation affecting labor has recently been placed on the statute book. There are the Wage and Hour law, the Walsh-Healy Act, and the National Labor Relations Act. There are pending measures affecting the housing problem and the problem of health. All this past and contemplated legislative improvement must be given support; and to give it support it is obvious that labor cannot continue as a purely industrial organization interested in narrow economic purposes. Effective support for such political measures can come only by a unification of labor with all progressive forces.

IV

I wish to touch briefly upon the problem of securing unity in organized labor's own ranks. If one wants to be realistic and quite honest about that issue, he would be compelled to say that there is no immediate prospect of attaining labor unity, at least at the top level. If it came about, it would have to be a "shotgun" wedding. The great national labor organizations are so strong, and the differences among their leadership so pronounced, that no one can be optimistic about effecting a real union between them in the immediate future.

As far as the A.F. of L. and the C.I.O. are concerned, basic differences in structure and organization no longer exist. At the inception of the C.I.O. there was a difference because the A.F. of L.'s policy at that time was to organize on a craft-union basis. For instance, in organizing an automobile plant, the A.F. of L. policy would have been to establish forty or fifty individual unions, engineers belonging to one, machinists, electricians, carpenters, and so on belonging to others. The C.I.O. wanted to organize on an industrial-union basis, with every one in the shop from janitor to the most skilled worker belonging to one union. That was the reason for the original development of the C.I.O. But with the passing of time, as a result of the gains made by the organization of the C.I.O., and because of the competitive situation created by these gains, both unions now organize on an industrial-union basis although the A.F. of L. is still composed chiefly of craft unions. An obstacle to unity might be the insistence on the part of the A.F. of L. that certain of the industrial unions which have been organized by the C.I.O. should be dismembered into various small groups. But this does not seem to me likely to become a paramount issue.

Such labor unity as might be secured should and must be sought at the membership level. There can be joint action of trade-union groups in community projects and the pursuit of mutually desirable social goals. There can be joint action of union members in political action, for the local unions are structurally independent of the influence of labor's top officialdom. There can also be joint labor action in the field of consumer activity and in the area of workers' education. Unity has in fact been brought about at membership levels for purposes of political action in the past decade. That sort of cooperation must be increased and widened. At any rate, only in that way can we secure any effective cooperation among labor unions belonging to different national organizations. Unity at the top level of these national organizations is, as I have said, quite remote.

Let me close on the subject of labor regulation. There can be no question that labor is facing the problem of increased legal regulation of its activities. There has been a cry against racketeering in labor unions; and I suppose that one cannot deny that, in certain unions, racketeering has crept in, just as it does in certain businesses. We think that so far as racketeering is concerned, labor can clean up its own house quite satisfactorily.

There are demands for other types of regulation, such as the requirement that unions keep their contracts or pay penalties, disclose their financial statements, secure free elections within their ranks, and prevent racial discrimination among their membership.

No labor union which is a union in the true sense of that word would object to any of these things. As far as our union is concerned,[2] our finances are public, there is no racial dis-

[2] Textile Workers Union of America.

crimination, and we have a democratically run organization and free elections. That is the kind of union it ought to be; indeed, no other type of union has a right to exist. Where opposing practices exist, they ought to be rooted out. I would prefer to have this done voluntarily by the unions, but if regulation is required to do it I doubt if any one would object. The unions are reaching a size and importance in our system that require them to assume responsibilities. I believe most labor unions appreciate and recognize that problem.

But we are concerned, and deeply concerned, about this question of government regulation, because such regulation is one-sided. The regulation we have been getting recently is too much of the Smith and Dies type, regulation supposed to curb strikes but in reality seeking to cripple our constitutional and political rights. The reactionary trend in labor regulation is aimed at oppressive legislation to throttle the labor movement and place it in a strait jacket. That kind of regulation we naturally resist and it causes us to suspect all kinds of regulation. The real motive too often does not appear in the stated purpose of a bill and is glossed over and concealed in the bill's text. Very frankly, on the general issue, I believe that the labor-union movement in this country should sit down some place and work out certain common-sense regulatory rules and say to the country: "This is what we are going to do." Unless it does so, some one is going to do it for labor and "pin its ears back."

In this discussion, I have tried to touch on various aspects of the problem of the state and organized labor. It is my opinion that the labor movement and its aims cannot be divorced from the great struggle which we are now going through. We are alarmed by some of the tendencies, essentially fascist, which are revealing themselves. We feel that the

progressive social and economic aims for which this war is being fought are in real and imminent danger. To achieve those aims and successfully resist reactionary tendencies we believe labor must ally itself with all progressive forces in the community and go forward in friendly cooperation with those forces.

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EDUCATION IN POSTWAR AMERICA

Edwin S. Burdell: *Tomorrow's Educational Problems*

America faces the possibility of a great intellectual awakening after this war. History may not repeat itself; but we know how the voyages of discovery and adventure of the fourteenth and fifteenth centuries awakened Western Europe at that time. This global war may well have a similar effect on us and returning veterans will bring back new interests of world-wide dimensions. Moreover, the experiences acquired by the American people during the war and postwar reconstruction are arousing an unprecedented curiosity and interest in history, languages, government, and geography.

Another fact about the future which we must face is the probable emphasis on military and physical training following the war. Whether we like it or not, some form of compulsory, universal military service appears to be inevitable. I realize it is difficult to justify such a view if we have faith in the efficacy of our peace plans; but this world seems to be full of contradictions, and I reluctantly predict that, however effective our peace plans may be, a sizable portion of our population will insist upon a large standing army and navy. At any rate, high-school and college teachers will have to take this possibility into consideration. When the time comes, we hope the armed services will consult with the teachers and educational administrators. If such a military service plan eventuates, there is more than a possibility that the colleges, at least, will have to remain on a four-quarter basis in order to accommodate the entrance of young men for training in the services.

Along with the military emphasis will come greater emphasis on physical training. Many agencies will raise the question, "Why should we not use the splendid military reser-

vations for physical training purposes?" I hope that the Y.M.C.A. and the Y.W.C.A., the Boy Scouts and the Girl Scouts, the settlement houses, and all those agencies that have had experience in running camps in the summertime will want to look into the possibilities of utilizing these tremendous military establishments for physical training and recreational purposes.

I

Let us turn now to the more general problem of higher education after the war. Many people have remarked that a great natural resource has been going to waste in our failure to provide adequate opportunities for higher education. Dean H. P. Hammond, of the College of Engineering at State College, Pennsylvania, said that he was certain that less than fifty per cent of the qualified high-school graduates in Pennsylvania were able to get a college education owing to lack of parental financial support, lack of earnings, or lack of suitable employment for students at or near a college.

The answer to this situation is an expansion in the number of scholarships and grants-in-aid offered to prospective students. The Army and Navy college training programs actually did this for every student which the services sent to the colleges; and college administrators have been much impressed by the results. They are beginning to realize that this is the way to tap a great natural resource which has remained untapped for too long.

Giving more scholarships will not necessarily mean that the colleges are going to overcrowd their facilities. It is high time that the privately supported colleges and, more especially, the State universities, recognize the fact that there ought to be something more than merely a high-school diploma and the

price of the freshman tuition to warrant matriculation at their institutions. If scholarship aid and other grants-in-aid are available, institutions can in fact be more discriminating. There are sufficient tests available to determine probable fitness of applicants for higher education. These tests can be applied and those students selected who are most likely to benefit by instruction.

II

I come now to the future of the engineering schools and scientific and professional training—the field of education in which I have enjoyed most of my experience. I am greatly interested in the reorganization of the engineering schools. The more progressive among them are now redefining their objectives. They are engaging in a great deal of soul searching and they are coming to certain conclusions. It is now generally agreed among the leaders of that branch of education that the best possible training for subsequent professional work is a sound basis in the natural sciences and mathematics. The purpose is to require a thorough mastery of these subjects. The student will be expected to demonstrate that mastery, not by passing separate subject-matter examinations, but by showing proficiency in a comprehensive examination which will require him to relate chemistry and physics and mathematics, and regard them all as part of the study of natural phenomena. If he demonstrates mastery over these subjects, then, and then only, will he be permitted to go on to the basic engineering subjects. In the second block will be found those subjects generally regarded as common to all branches of engineering: hydraulics, kinematics, thermodynamics, mechanics of materials, and elements of electrical engineering. Again, on the basis of comprehensive examinations, an indication of the student's real

ability to solve problems will be sought. Finally he will be permitted to enter the fourth year of the curriculum and take a limited number of technological subjects. This is the sort of reformation that is taking place in the thinking of those responsible for educating our future engineers. It represents a transition which is probably as fundamental as anything that has ever happened in American education.

Another interesting development in engineering education is the growing alertness of the engineering schools to the importance of social and humanistic subjects in the engineering curriculum. The engineering colleges appointed a committee in 1940, of which I was fortunate enough to be a member, and we brought out a report in which we said there are two fundamental aspects to engineering education: scientific-technological and the sociohumanistic. We declared that we are not interested in turning out mechanical robots; that we want to turn out men who not only understand and can manipulate physical laws to desirable social ends but who also think for themselves; that engineers should have a personal social philosophy; that they should be able to express themselves reasonably well in writing and in speech; that they ought to have some notion of the social world about them; and especially that they be impressed with their obligations as citizens in a technological society.

Engineering schools are going further. Last summer they appointed another committee which will shortly bring forth a report stemming from the 1940 report previously mentioned. In this we become even more specific. We go so far as to say that, of the four years for the baccalaureate degree, one year should be devoted to the humanistic social aspect. By that we do not mean that this one year of humanities shall be isolated from the rest. We mean that the equivalent of one

solid year of a designed sequence of English, history, social science, philosophy, and appreciation of the arts shall run as a solid thread through the whole fabric of the four years.

So far as the engineering schools are concerned, the accelerated program in vogue during the war is out. We see no advantage in merely hurrying through a college education in two and two-thirds years instead of the usual four. Those who know something of college education realize that students need the summer for employment, for recreation, for rest, and for a host of other things. Teachers, moreover, need the summer for refreshment, study, travel, and for a variety of other purposes.

I want to add, however, that the typical vacation period, during the summer months, will probably be modified very much. The California universities, for example, are planning to be open the entire year, so that a student or a teacher may organize his year's program in such a fashion that he may take his rest period at a time most suitable and most profitable to him.

A word also about the relationship of the engineering school to industry. Our graduates will, I believe, under the proposed curriculum, be much less highly specialized than in the past. This means that industry will have to assume a great deal more responsibility for training men for a particular job. That will have to be done by in-service training in the plant or by giving employees industrial leaves of absence with a subsidy for specific training. An example of the latter are the Sloan Fellowships which make it possible for men to go from industry to the Massachusetts Institute of Technology for special training. Finally, I believe that industry will have to subsidize local engineering schools for special extension courses.

Moreover, industrial leaders, individually and collectively,

will have to sit down with the engineering schools and tell them more explicitly what kind of product they want. We have had years of criticism. Our graduates have gone out into industry. Subsequently we visit their employers and they say: "Oh this fellow is terrible; he has no creative ability; he hasn't this and he hasn't that." When we pin the employer down we find that his ability to define the qualities and characteristics which he alleges are lacking in our graduate becomes vague. At any rate he is not concrete enough to enable us to apply his suggestions to our curriculum and to reshape it so as to meet objections.

I should like to add that I look forward to a great extension of the cooperative form of engineering education. By that I mean the form which was suggested by Dean Schneider in 1906, at the University of Cincinnati, which was later taken up in the liberal-arts program at Antioch in Yellow Springs, Ohio, and which now exists in some twenty-five engineering schools. The most recent schools to take on this form of cooperative engineering training are the Stevens Institute at Hoboken, New Jersey, and the Northwestern University Technological Institute under the Murphy Foundation at Evanston, Illinois. The purpose and program of the cooperative system are fairly familiar. The system is not to help boys and girls get through school by earning their way; nor is it designed to provide cheap labor to be exploited by industry. If it is not profitable to industry to take these boys and girls in for training, and if it is not profitable educationally for the young students involved, then the cooperative system becomes absolutely pernicious. We know from observation of the past forty years that the experience gained by this system can be helpful and profitable both to the student and industry.

III

I come now to adult education. Serious investigation should be made into the needs of adults who can profit from educational experiences which extend beyond the high-school level and which are not of the trade school, college, or professional type. A big start can be made in the high schools and in the colleges by convincing their students that commencement is literally a commencement not only of their career but of education. They need to understand that education is something which begins with life and ends with life and that it is a delusion to regard education as something which is crammed into a conventional age pattern of six to twenty years and into the conventional four walls of school buildings.

That does not mean that we should encourage students to postpone every worth-while thing in high school or in college with the idea that they are going to take it as adults. It does mean that we should encourage them to think of an introductory course in English literature in a junior college, for example, as the introduction to a profitable and exciting adult-education study of literature later on.

Administratively, adult education ought to become an integral part of the local school system and of the university extension systems. It is true that the Maplewood, New Jersey, schools have a voluntary system which is highly effective. J. Keith Torbert, who developed that system, is known throughout the country as an outstanding leader in adult education. But real action on the adult-education front is going to require more than sporadic and isolated development.

The City of New York has been toying for some five or six years with the idea of appointing an adult-education leader. For many reasons it has not been able to get down to business.

Undoubtedly one reason is that we have too much of a janitor complex about our school buildings. That applies to everybody from school superintendents on down. For some silly reason school buildings throughout the United States apparently were put up for children between the ages of six and sixteen and are to be used between eight o'clock in the morning and three o'clock in the afternoon. At three o'clock all the chairs must be in nice neat rows, the window shades pulled down to the proper level, and everything locked up ready for next morning at eight o'clock.

That attitude is perfectly ridiculous. I can promise you that if the short work week and the short work day come back and we have a large number of adults wandering around seeking something to do, the public is going to realize that the enormous investment in physical property of the public-school system ought to be put to greater use. I could relate some interesting stories of my own experience in 1930, at the time we were starting work relief in education, stories of our efforts to get school boards to open up their schools for adults. Public sentiment is going to bring about a change of attitude and adult education is going to be one of the great developments after the war.

IV

Another postwar educational problem, especially in the field of higher education, relates to veterans. One of the veteran's first needs will be adequate counseling. He will need a great deal of counseling before he can really find his niche in the postwar world. That statement does not imply that he is incapable of thinking for himself as a mature human being; it means simply that for three or four years he has been in a system in which he has been so completely regimented that

he has not had to think for himself and he has not had to look ahead. He has not had to make decisions. That means there may be certain psychological blockings in the case of many veterans that only wise counseling can overcome. I fear that there is going to be a lull between the armistice and actual demobilization; and those who remember the last war know what a demoralizing situation existed in hundreds of camps in which millions of men sat around with nothing to do. There was to be sure a lot of fun over in France and England: a few thousands boys went to Oxford, Grenoble, and Cambridge. It was a lark; but it was thought up by well-meaning people who merely wanted to keep the boys out of mischief. This time there are going to be ten million men "kicking" around in army camps and on ships waiting to get home; and that will be the time when the Army and Navy should really counsel these boys. And unless the groups in higher education get together now and plan for this situation there is going to be a serious hiatus in the process of demobilization.

Many of us know of the Armed Forces Institute at Madison, Wisconsin, set up under General Osborn and Colonel Spaulding, the former Dean of Education at Harvard. As far as they know, they have no part in this problem. And yet how tremendously important it is to give these boys refresher courses and counseling between the period when active military duty ceases and the time when they can actually be restored to their homes.

There is no question about educational scholarships being available to the veteran. What concerns me is the question whether he will be able to discriminate between the really worth-while educational experiences that are available to him and the educational "gold bricks" that are going to be offered to him. Proprietary schools, and even the nonprofit schools,

have been on pretty lean rations the last few years: and they are going to engage in some fancy advertising in electronics, air conditioning, plastics, and similar developments promising the veterans a short and rosy road to competence in these fields. There will be those institutions that will promise to make a professional engineer out of the veteran in six weeks. In fact there will probably be a scandalous variety of "gold bricks" offered in the educational world. Those of us who believe in honesty in education and in everything else will have to come out rather flat-footedly and tell these boys that if they are going to be engineers they will have to study engineering, and not resort to one of these cookbook courses. We must tell them they can do anything they like with their money but that they should recognize what they are getting for it.

I believe that an extension of the ESMWT courses—Engineering, Science, and Management War Training courses, which were so very much needed in the war effort—may be the answer to the problem. If we are as successful as I hope we are going to be in seeing to it that every veteran gets proper training, I doubt that we can appeal to him with the full-day course. I was told only recently that of 150,000 men discharged from the Canadian Army only 85 have so far shown up in Canadian colleges. That gives us something to think about. Perhaps the anticipated overcrowding of the colleges is not going to materialize. But if the veteran has a job, he can be interested in refresher courses and upgrading courses; and I should think such a name as "Aids to Men in Industry" would be an excellent title for such a program. It is possible that the technical institutes which Dr. Wilson is going to speak about later[1] are the subprofessional answer to this whole problem.

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[1] *See* page 140.

V

I want to conclude with a discussion of the postwar financial problems of the privately endowed institutions of higher education. Needless to say, these problems are going to become very much more acute as the return from invested capital goes down and the taxation of personal incomes goes up. In other words, endowment funds will yield less and less and gifts from wealthy friends and benefactors will become less frequent and smaller in amount.

To try to offset this situation with higher tuition fees may turn desirable students away; or it may turn the institution into a haven for rich men's sons and daughters, an equally undesirable result.

The answer, as I see it, are those annual appeals that are made to graduates, former students, and friends. This has already proved to be a feasible way to increase income and maintain the interest of the alumni and the community. There are some interesting figures on that score. Yale University, despite its large endowment, evidently relies very much on this system because it has secured the largest return among a hundred American colleges using it. Yale has 11,000 alumni contributing $260,000 a year. If capital earns 2½ per cent, that $260,000 represents quite a sizable addition to capital endowment. If an institution can get a $25 gift each year from an alumnus, that would be equivalent, at present interest rates, to $1,000 of endowment.

It is worth noting that even the State universities have taken on this system of annual appeal. A recent issue of the *Ohio State University Monthly* shows what State universities could do with the proceeds. It declares that "the fund has quadrupled the student loan fund, provided scholarships and fellowships, added treasures to the literature and arts of the

University, and has inspired and aided research-minded professors. It has given new hope and support to gifted students in need. Beyond all this, the fund has demonstrated that State University alumni have just as much spirit and loyalty as those of privately endowed universities and are willing to give even if they are generally not quite as wealthy. It has proved also that our alumni are interested in other championships besides football and can go out and win them too."

Of course, I have no doubt that a large amount of federal and State aid will be forthcoming for a period after the war. I scarcely need to point out that any school that relies too much on such aid is going to be left high and dry after the postwar funds have dried up.

The situation may be summed up briefly. Educational institutions face a postwar problem much the same as that faced by a merchant about to embark in business. A merchant must have sufficient money on hand to stock merchandise that will attract a desirable clientele and to hire an adequate staff to sell the merchandise. An institution with run-down plant and equipment and a curriculum not consistent with postwar needs and a spiritless, mediocre faculty should bestir itself now to find working capital and energetic, qualified teachers, and to revamp its curricula.

George E. Outland: *The National Government and Postwar Education*

I

Before considering the special question of the relation of the national government to postwar education, I should like to list a few fundamentals affecting all phases of postwar planning. These fundamentals, it seems to me, are equally valid whether they deal with educational planning, economic planning, or international planning. In the first place, we must assume that postwar planning is essential right now. Many people think we ought to wait till the war is over, pointing out that we do not know what is going to happen nor what type of peace we are going to have. Those opinions have some validity. It is quite true that we cannot lay down a blueprint now as to our postwar educational program. Nevertheless, we can lay down certain basic principles, and to do that immediately is important.

In the second place, we must realize that all planning, whether it be in the field of education or in any other, involves social change. We human beings do not like to change our ways of doing things. We tend to build up habits, traditions, and patterns of life; and everything that involves something new is looked upon with suspicion. In education, for example, the man who speaks of the "good old days" of the little red schoolhouse is not going to look with favor upon changes in educational procedure. And there are a great many men and women in America who were reared educationally in little red schoolhouses. When we start to talk about education in the postwar world, they will often introduce an element of psychological resistance.

My third general point about postwar planning is that

planning at all levels—local, State, national, or international —is closely interrelated. We cannot consider what is going to happen to our Federal Government's relationship to education without considering the sectional and racial differences in this country as well as some of the possible implications of the peace. We must also consider our immigration policy and the probable trend in our birth rate.

Still a fourth general point affecting postwar planning is that in a democracy all planning must have democratic goals and must involve democratic control. The concept of democracy is based upon certain broad foundations: the sacredness of the individual; equality of opportunity; and peaceful change. Those concepts must run through all phases of our postwar planning, whether they be in the limited field of education or in the broader economic and social aspects of our national life.

Then again, all postwar planning in a democracy has to be predicated on the assumption of an educated people. That is not true in a dictatorship or totalitarian state. There people need not understand; all they have to do is to follow plans that are already laid down. In a democracy the people have to know why; they have to understand not only why changes are made but the process of change itself.

Finally, in our planning, educational and otherwise, it is important that we do our best to profit from the mistakes of the past. We have, for example, learned quite a few lessons about the relationship between the Federal Government and education. We have learned about a lot of things we should not do. We have learned similar lessons in the field of public works and in the field of federal relationship to social security. If we can profit by those mistakes, then I think we will be a

great deal further along in all our postwar planning than otherwise would be the case.

II

As to federal aid to education, I have no hesitancy in stating my own conviction. It is simply this: that increasingly there is going to have to be more financial aid from the Federal Government to education throughout the United States. The President's Advisory Committee on Education has well stated the problem and I should like to quote just for a moment.

"Education is, in a large sense, an individual matter. But individuals compose neighborhoods and communities; communities compose States; and in the United States, the States compose the nation. Since the formation of the Union, Americans have been citizens both of the State and of the Union. Our sense of national citizenship has developed rapidly in recent years. For better or for worse, it is becoming more and more evident that all citizens face a common responsibility and that they share a common destiny."

It would be quite trite for me to recite one by one the changes in American life that have brought us closer together. The streamliner, the radio, and the airplane have cut down time and space and distance, and we are no longer isolated communities. We are all part of one larger community. This does not mean that I advocate a centralized educational system. But we would be blind indeed if we did not recognize that these economic and social changes have welded our nation together to such an extent that increasing federal control over education and over a great many other activities, formerly considered as a State or local responsibility, is inevitable.

Let me illustrate this growing nationalization by discussing one phase of the national scene which has sometimes been overlooked. I am referring to the high degree of mobility of the American people. More than the people of any other great nation in the world, Americans move around. Formerly the movement was westward, and we moved from the East Coast to the Middle West and then to the Pacific Coast. Now there is a reaction and there is movement eastward. There is movement from North to South and South to North, from the city to the country and from the country to the city. We are shifting constantly.

The educational implications of this movement cannot be overlooked. In my own State of California, we are proud of our educational system. But since the war began, perhaps half a million people from other States have come to California. Many of them are going to settle down there permanently. Now in these circumstances, despite its excellent educational system, California cannot afford to ignore the educational systems of other States. The thousands of people from Arkansas, Oklahoma, the Dakotas, Nebraska, and from every State in the Union who come to California as citizens are going to bring with them whatever shortcomings their own educational systems may have given them.

The same thing is happening in New York City. People come to New York City from all over America. They come from rural districts of the South, from the mountain districts of the Southern States, and from the Midwest. They converge upon New York City. No matter how good a system of education this city may possess, the thousands who come from other communities are going to be either handicaps or assets to the city, depending upon their educational backgrounds. For this reason alone, New York City cannot afford to ignore the educational standards of those other communities.

I do not favor a centralized educational system headed by a single bureau in Washington. I doubt if any educator wants that type of system. It would result in the stifling of initiative and in a very inflexible, uniform type of education throughout America; and it would be one of the worst possible steps that we could take. Nor do I think we can afford to ignore the fact that a highly centralized system of education, like a highly centralized political system, lends itself much more readily to exploitation by partisan political machines. The examples of Japan and Germany are proof enough of the validity of that statement.

In the Sixth Year Book of the John Dewey Society, Professor Norton has summarized the case in excellent fashion. It is his opinion that the financial participation by the Federal Government should be in two directions. First, it should provide funds sufficient to guarantee an adequate national minimum educational opportunity for every child in the nation. If we are going back to our basic democratic concepts of equality of opportunity, I think that in the long run we cannot escape the fact that there must be a certain amount of financial assistance to certain portions of the country to make that equality possible.

In the second place he deduces that the Federal Government should make special temporary grants in order to permit the prompt and general response of all State and local school systems to major social problems requiring educational treatment. At the present time, many States are simply not able to afford a decent educational system. In 1940, of the twelve States making the greatest efforts to support their schools, not one was among the first twelve with the highest expenditure per pupil. In other words, some of the States with the most inadequate systems still were making the highest effort per capita to try to develop those educational systems. In

1940, nine States spent less than $50 per pupil. Nine others spent more than $100 per pupil. The National Resources Planning Board, in its 1943 report, pointed out that the nation was spending less than 50 per cent of the amount which was needed to provide a justifiable minimum educational program.

In the postwar period we will find the problem aggravated because we shall not only be faced with the necessity of getting the funds for current running expenses, but we shall also need considerable capital to repair and construct buildings and to provide new equipment. We are, in short, going to find the problem of financial assistance much more acute than it has been in the past.

If we are going to carry out the basic principle of equality of opportunity for every individual, regardless of color, creed, national background, or economic status, then we must have a much more adequate educational system than we have at present. And, if we are going to have a more adequate system, we must have funds which will probably be available only from federal sources.

III

I am quite familiar with the arguments that have been raised against every attempt of the Federal Government to expand in this field. I have had an opportunity to observe firsthand the alleged problem of bureaucracy. I realize that some educational vested toes are going to be stepped on in any change looking toward more federal help. I have heard proponents of States' rights argue long and lustily about the "infringement" of the Federal Government on their particular field. I even read in the February issue of one of our national educational journals a statement by a well-known educator

warning us against that "vigorous minority group of professional educators who crave to share the power and prestige that Federal control naturally brings."

These arguments have been gone over time and time again. We would be foolish not to recognize that they identify potential dangers. But against these potential dangers, there is one that is very real and very grave; that is the danger of inadequate education, of half training for millions of American boys and girls, and of adults, too, in a postwar world in which adjustment is going to be even more complex and more difficult than in the period which preceded the war.

Frankly, I believe that those of us interested in education should stop bickering about some of the trivial details and get down to fundamentals. I have observed professional educators team up with the opponents of education to kill the National Youth Administration. I have observed one group of educators argue against another group of educators and thereby kill educational bills now pending in Congress. I have seen educators contest with social workers over the power to administer the funds of the Lanham Act for child-care centers. I happen to have spent seven years in education and seven years in social work, and I do not see any difference between the two. Any good social worker is automatically a teacher; and any good teacher ought to be a social worker. The sooner the two fields combine and stop quarreling the better off both fields are going to be, in my judgment.

I think that those of us especially interested in education ought to be setting the example in cooperation. That is what we are constantly preaching to the younger generation; and we ought to practise what we preach. But, instead, progressives fight "essentialists"; teachers fight educational administrators; one specialist fights another specialist. All this quar-

reling goes on although we are all supposed to be interested in a better and more decent and more adequate education for the great mass of the American people.

IV

Let me conclude with a few remarks about veterans' education. Already many bills have been introduced into both houses of Congress touching upon that subject. Hearings have been held on some of them; many more hearings will be held in the future. In planning for education for the veterans we should avoid any idea of segregating them from the other students in our educational institutions. Except for the disabled or those who need certain types of specialized convalescent hospital care, the young men and the young women who will be discharged from the armed forces will be anxious to get back into civilian life. They will be anxious to have a type of education that will help to bring them back and that will hasten their reintegration into civilian life. I do not like to think of certain types of schools set off by themselves which would be designated as veterans' schools, because that means a separate segregated group in the American population, a distinction which, in the long run, would have some rather dangerous repercussions.

If this point is valid, it follows that the educational program for veterans in the postwar period should be administered through the regular educational channels and not by some specialized agency. Funds should be allocated through the Office of Education or through the State Department to local communities.

It is also my opinion that veterans should have free choice of the educational institutions they wish to enter. Only one qualification of that opinion exists. We do not want exploita-

tion of our discharged veterans. We do not want "fly-by-night" institutions that will spring up to make money at the expense of young men and young women who are eager for education and who are not likely to be acquainted with the nature of such institutions. To counteract that situation, any federal funds made available for veterans' education, either in the way of scholarships or maintenance funds, should be allotted only for training in an institution that is approved by the State Department of Education or some equivalent agency.

A further point about veterans' education relates to the choice of a vocation or profession. Once the individual skill and aptitude are established, there must be no limitation of the profession or the type of vocation into which a veteran may enter. One of the most important of the early educational bills had a little clause restricting veterans to those fields which were not overcrowded. Now the time has not come in America when we should say that there can be only so many doctors or teachers or lawyers. That time may come; but it has not come yet. I for one do not want to see it come; I especially do not want to see it come as a hidden clause in a bill that deals with ex-service people.

It is also my opinion that additional maintenance funds should be provided for veterans' education. Most of the veterans' bills have the amount set at $50 monthly, and they stipulate a one-year period for all who can qualify and an additional three years for those with special abilities. In some cases this may be enough; but I do not believe we can set an arbitrary sum for the proper training of every veteran.

Finally, I should say that any veteran returning to an approved institution which he left for military service should be able to re-enter that institution immediately without special test or examination. I am very much afraid that if we do

not watch out, we are going to get our veterans' educational program all tied up in so much red tape by way of special tests and examinations that we will violate our primary aim. That aim is to get veterans back into the civilian program as speedily as possible.

As I said at the outset, we can only touch upon some of the fundamentals in a discussion such as this. And I repeat: The most important of these in the postwar period is that, whether we are dealing with veterans or with nonveterans, our purpose should be an adequate education for every boy and girl and eventually for every adult in the country. To do that we are going to have to rely on federal funds and at the same time avoid a centralized system. It is my opinion that, if we are careful and plan intelligently, we can obtain such funds and avoid undue centralization.

The young men and the young women who are coming back from the armed services are going to be considerably more wise in the ways of the world than when they went away. They are going to be eager for learning. At the same time, they are going to have some rather definite convictions about abolishing wars and depressions. What we can do for them now is to lay the educational foundation upon which they later on will be able to erect a superstructure. It represents a challenge for us, probably the most important challenge that America faces in the postwar period.

Lewis A. Wilson, *New York's Educational Planning*

We, who are doing the planning for postwar education in America, must be sure that we have the vision to anticipate the educational needs of the youth of our country. If our conception of planning such education is going to be composed of palliatives of one kind or another, such as we indulged in after the last war, we are not going to lay the structure of any long-enduring program. When we look back in memory twenty-five years and realize that, in the State of New York, we permitted 175,000 boys and girls 14 and 15 years of age to leave full-time school and work in industry and in business, we should bow our heads in shame. When we remember that, at the same time, we permitted tens of thousands of children and adults to go to the human scrapheap because we did not have sufficient vision to plan for their rehabilitation, or for their physical care, we again demonstrate how shortsighted our policy was after World War I. Let us remember, too, that a generation ago we did not have a single central rural high school in the State of New York and that we then talked about equality of educational opportunity for the boys and girls of this State.

What is our vision of what we hope to do educationally for our youth? I have a feeling that in America we shall live to see the time when we will dedicate the years of youth from ages 18 to 20 to education and that we will not force them to go to work because of necessity or compulsion. I also have the feeling that in this country we will not continue to permit tens of thousands of our brightest boys and girls to leave school because of economic necessity, or to be prevented from entering college or professional school because of the financial inability of their parents. I am very hopeful that my own State (New York) will set a pattern in scholarships that will make it possible for the brightest boys and girls graduated

from the high schools of the State to have an opportunity of going to a liberal-arts college or to a professional school in order to give full sway to their abilities and interests. Moreover, I have the feeling that that is the best form of insurance the State of New York can write for its own economic, educational, and social future.

I

In discussing New York State's educational vision, I want to consider first the plan which is known as the Regents Plan for Postwar Education in this State.

The plan contains only three essential features. The first is increased State aid in order that the local schools of the State of New York may provide adequate educational opportunity for boys and girls living in those communities, up to the secondary-school level. Normally, only fifty per cent of the boys and girls who graduate from elementary schools in this State graduate from high schools. In other words, somewhere between eighth-grade graduation and high-school graduation we lose one half of our youth.

Now we have a very deep-seated conviction that the youth of tomorrow will not be able to carry on their part in life with a limited education. We are also convinced that our local schools, particularly the secondary schools, must develop educational programs adapted to meet the needs and to challenge the interests not only of the fifty per cent that stay in school but of the other half that drop by the wayside. In these programs we believe there must be greatly extended counseling and guidance services, better health-education services, and better medical services. We must not again repeat the experience of having thousands of our boys and girls coming out of high school rejected for military and other services because of physical defects.

The Regents plan also implies that additional aid should make it possible for the local communities to provide adequate programs of adult education so that the adults of the community may keep abreast of social and economic changes and make the necessary adjustments to them.

The second major recommendation of the New York Board of Regents relates to the granting of State scholarships to the upper ten per cent of the graduating classes of all the high schools of the State. At the present time there is a great regional distinction regarding the number going beyond high school. In New York City approximately fifty-one per cent of the boys and girls who graduate from high school continue their education. They go to college; they go to advanced business schools; they go to art schools; or into nurse-training programs. In upstate New York, on the other hand, only about thirty-four per cent of the boys and girls continue their education beyond high school.

The reason for this variation is readily understandable. Education is not as readily accessible upstate as it is in New York City. Every boy and girl in Greater New York can live at home and commute daily to a publicly supported or a privately endowed college of his or her choice. As a result the parents have only to pay tuition fees and are not required to pay for board and room. A boy living in an isolated section of the Adirondacks who wants to go to college must not only leave home and pay transportation charges to do so, but he has also to pay for room, board, and tuition.

The Regents believe that if we are going to have equality of educational opportunities, we must make it possible for those upstate boys and girls to go to college and to go to the college of their choice. Hence their program includes an item of $17,000,000 for scholarships for this purpose.

The third major recommendation in this postwar plan of

the Board of Regents is to provide, through institutes, a wide range of terminal education for high-school graduates who are not primarily interested in going to the traditional professional schools, or the liberal-arts colleges, but who want to prepare for a specific kind of employment. It may be that the boy on the farm wants the finest courses in horticulture he can find; that the girl wants to become a laboratory technician or a practical nurse; or that the young man wants to enter the field of applied electricity or communications. We hope, in these institutes, to provide a combination of terminal education, plus general education, that will enable tens of thousands of high-school graduates in this State to secure, within commuting distance of their homes, an education that will provide them with opportunities in industry, business, or agriculture beyond those dreamed of today.

We feel sure that it is going to be increasingly difficult for communities, without financial help, to provide the educational opportunities needed by our youth. The Federal Government is constantly cutting in on all levels of taxation — corporate taxes, inheritance taxes, and personal income taxes. Moreover, with high income taxes it will probably be increasingly difficult for families to finance the higher education of their own children. The program recommended by the Board of Regents will make education more universal in character than ever before and provide education beyond high school for numbers of young persons who, under prevailing conditions, could not finance their own courses.

II

A few words now about the veteran problem. Every one agrees that Congress will enact legislation financing the education of returning servicemen. A bill for this purpose has

already passed the Senate, based very largely on the Osborne Committee Report which estimates that about eight per cent of returning servicemen will want to continue their education after the war. The proposed legislation will make it possible for any returning serviceman to have all educational costs paid by the Federal Government and, in addition, receive an allowance for his maintenance while he is in college or in training.

From our analysis of the educational needs of returning veterans we anticipate that about fifty per cent of them will continue their education when they are discharged from the armed services and will want to go to college or professional school. Among them are the young men who had to give up their college education at the end of the first, second, or third years because of the call to military duty. In addition, there are many high-school graduates who, under normal conditions, would have gone to college. Most of them will want to enter college when they are demobilized from military service.

Then, we have a third group of high-school graduates who have not dreamed about going to college because they knew their parents could not afford to send them there. Now, suddenly, they find that their education is going to be financed by the Federal Government. Thousands of them who had a secret ambition to go to college but who knew their fathers could not afford to send them are planning to go to college.

Many of the returning personnel will be interested in the so-called terminal, technical courses; *i.e.*, one- or two-year technical courses in agriculture, business, industry, and allied fields. We have facilities for taking care of thousands of those boys and girls in our technical schools in this State, providing them with special courses adapted to their needs.

In addition to these, thousands of boys are now leaving high

school after three or three-and-a-half years of attendance to enter the Army and Navy. The day they become 18 years of age, they go to the induction centers. As a result, there are going to be many thousands of boys and girls in our State who have had only a limited amount of high-school education. Many of them will desire to complete that education.

Every one agrees that these young persons will not return to the regular high schools. When they return from the war they are going to be seasoned veterans; they are going to be mature; they are going to think as adults. Instead of asking these veterans to return to the regular high schools, we are recommending that we set up area schools and institutes for them where they can secure in the shortest possible time the high-school subjects they need in order to qualify for a high-school diploma. That would make it possible in the Buffalo area, for example, to have one large school set aside with a special faculty to provide secondary courses, not only for the boys living in Buffalo, but also for others living in that area who could commute daily.

Then there is the task of providing special occupational training. Probably thirty-five to forty per cent of the returning servicemen will want vocational training for a job. Tens of thousands of the men in the armed services went directly from school or college without any occupational preparation, without ever having held a job in industry. They have no seniority rights and they realize fully that they will need good training in order to find employment in an already overcrowded labor market. The facilities which we have used since July 1, 1940, to train over 800,000 men and women in this State for the war industries can be put into reverse and used to train these men for jobs in essential peacetime industry. We have facilities in

New York State to train some 200,000 men for jobs in agriculture, business, and industry.

We are also urgently recommending the establishment of a State-wide counseling service that will make it possible for any returning veterans to secure authentic information in regard to all educational opportunities available in the State. Our research department has made a study of every course offered by every college in the State of New York, and has a complete inventory of all these facilities. In addition, we have a list of the new courses the colleges are willing to offer. We hope, ultimately, to have available, in printed form, a complete directory of all the courses so that counselors, throughout the State, may make this information known to the returning servicemen. This is extremely important because, after all, we want servicemen to secure accredited courses and not be exploited by some "fly-by-night" institution, organized to mulct them.

The State of New York has done one other thing for veterans which I think is fundamentally sound. It concerns a problem which I shall illustrate with a story. A woman telephoned to find out if her son—a veteran—could go to an engineering college. It had been his life's ambition to become an engineer. His father was an engineer in the army, in the South Pacific. This boy had had 48 bombing missions over Germany and had been discharged. His nerves were shattered. She said, "He can go to college two or three days a week; but the other two or three days a week, he may not be able to do any work." His was a combination medical and educational case. The boy needed psychiatric service.

Now the Legislature has enacted a law creating a special psychiatric advisory commission for such cases. On that com-

mission will be representatives of the Departments of Mental Hygiene, Health, Labor, Industry, Education, and the veterans' organizations. Through the efforts of all these State and local agencies we hope to coordinate psychiatric services for returning servicemen.

The man who has a nonservice disability also needs special treatment. Our civilian rehabilitation agents have already interviewed over 6,000 returning servicemen who have nonservice disabilities and have placed over a thousand of them in training. It is only through the coordination of such agencies that we can provide the maximum service for the veteran.

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OUTLOOK FOR THE SERVICEMAN

Colonel John N. Andrews

I

Until the war is won, the spotlight must be focused on the process of building, training, and equipping our armed forces. Nothing can be allowed to detract from the concentration of national energy necessary to win a complete victory over the enemy at the earliest possible moment. Nevertheless, a knowledge of the relative and absolute magnitudes of the mobilization of manpower and economic forces involved in this war requires that, behind the scenes, serious thought be given to the problems of returning the servicemen and industrial workers to peacetime activities.

The same necessity existed in the First World War; but study of the problem of the demobilization of the members of the armed forces was not begun until a month before the end of the war, and then the need for haste resulted in mistakes that might have been avoided under more leisurely planning and consideration. No comprehensive program was adopted for the effective transfer of the industrial worker to peacetime production. The inevitable appearance of unforeseen problems which arose during demobilization at the close of the First World War will repeat itself at the close of this war. Further, the task will be much greater; the number of men will be three times as large as in 1918–1919, and soldiers from the United States will have served longer and in more combat areas, so that the period of their demobilization may be longer than was the case after World War I. The magnitude of current industrial production is a forecast of the problems of transition and contraction.

The method finally adopted for demobilization at the end of the last war was the traditional plan by military organizations. Reports indicate that the military authorities favored this plan and it was the only one for which regulations and administrative procedures could be quickly developed at so late a date. Entire regiments were demobilized in a few days, and time did not permit the consideration of the dependency status of the men, whether or not they had jobs to which they might return, or whether they wished to return to school, or engage in business. As a result of the unit demobilization of men returning from overseas, as well as of those in the training camps on this side, the record indicates that by June 1919 about 2,700,000 soldiers, or nearly two thirds of the total wartime strength of the Army, had been demobilized.[1] With such a hasty demobilization, it is not surprising that many unemployment and other problems of dislocation arose.

The details of the planning being done for demobilization at the end of the present war cannot be made public now, and possibly not until the end of the war; but assurance can be given that extensive and very careful consideration has been given to this problem for several months, and continuous study of plans will be made as conditions change. Until the war ends and the peace terms are known, it is impossible to forecast the possible size or components of the armed forces. With this in mind, the civilian population will have to content itself with the assurance that the several branches of the armed forces will be prepared to meet the situation, and have adequate plans ready when the war is finally won.

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[1] "Public Attitude Toward Ex-Servicemen After World War I," *Monthly Labor Review* (December 1943) of the Bureau of Labor Statistics, United States Department of Labor.

When the war ends, those men and women in service will find the following opportunities open to them:

1. Those who so desire, and who can meet the physical and mental requirements, may have an opportunity to remain in the service.

2. Those in need of hospitalization, rehabilitation, and retraining will find that adequate facilities have been provided through the Veterans' Administration and the Vocational Rehabilitation Division of the Federal Security Agency.

3. Those desiring to resume their school or college studies, or who wish various types of training, will have extensive opportunities through State and federal legislation.

4. Re-employment opportunities in their old jobs will await most of those who held permanent employment at the time they entered service.

5. Those who were unemployed, or who had never had permanent employment, will find generous employment assistance available through the Veterans' Employment Service of the United States Employment Service.

In emphasizing the educational, rehabilitation, and re-employment problems of veterans especially, it is to be understood that the staff of the Selective Service System is also deeply interested in the readjustment of the war workers. Our responsibility under the law, however, extends only to veterans. In the transition period, the combined resources of every community should be made available to facilitate the readjustment of the veterans, and to ensure the reconversion of war workers into contented peacetime citizens.

The armed forces now contain more than 11 million men and women. Since the passage of the Selective Training and Service Act of 1940, more than 1,200,000 veterans have been

released from active service. A considerable number is being released each month and an increasing number will be battle casualties. The number required to meet future needs of the Army, Navy, Marine Corps, and Coast Guard will depend upon the casualties and the length of time it will take to win the war. It is possible that, before the war ends, from 13 to 15 million men and women will have served in the armed forces. In addition to this large number, some 20 million men and women will have been used during the war to produce the tanks and planes and ships and guns and other equipment necessary to win the war.

II

Having outlined the scope of the problems to be faced in the demobilization and readjustment of veterans, let us now consider their education, re-employment, and rehabilitation problems. Among these problems, education should receive important consideration. After the war is won, if large numbers of veterans can be induced to continue their education, at least two important outcomes will result: First, the veterans will be given vital additional education which was interrupted by the war and, second, this number will be withdrawn temporarily from the labor market. But the leaders in education will be confronted with the most challenging demand in their history. They will be called upon to provide vital education covering a wide range of activities and in a concentrated form. Many of the returning veterans will be glad of the opportunity to return to school, but they will certainly have a right to expect that such education be practical and adapted to their needs. They will also have reason to insist that a maximum amount of subject matter be made available to them in a minimum of time.

The average young man or woman who had only finished

high school, or even one or two years in college, cannot be expected to return to school for four long years. At age 22–26, most of the veterans can be expected to return to school for only a few months—one or two years at most—except in the cases of professional students. In the first place, the majority of the students will not have the necessary funds to continue in school for a period of years. In the second place, they will, as a result of their war service, be considerably more mature than they would have been without such service. They will, therefore, wish to complete their education as early as possible in order that they may accept gainful employment and, in other ways, re-establish themselves in normal civilian pursuits. The trade and vocational schools will probably be crowded. Many of these schools will have to be expanded in order to care for those desiring such training. New curricula at the secondary and college levels will need to be developed to take care of the new fields of vocational service, and special attention will need to be given to those who have been handicapped while in military service or as war workers.

It is gratifying to learn that many of the trade and vocational schools, and some of the colleges and universities as well, are already developing special programs to meet the needs of veterans. New York University recently announced the establishment of a Veterans Counseling Service. The press notice regarding this development indicates that special courses of varying lengths, and to be started at different intervals during the year, are being developed. In addition, the program envisions an extensive counseling service to be made available to all veterans who seek it, and the veterans who are enrolled in the University will be encouraged to maintain close contact with the Counseling Service and to utilize all the facilities that are to be made available.

A few other universities and colleges have announced special plans designed to meet the needs of the veterans. Among these are several State teacher's colleges, a number of junior colleges and vocational schools, and the following Universities: Ohio, California, Minnesota, Texas, Pennsylvania, Chicago, Columbia, Cornell, Harvard and Yale. Boston University has just announced the establishment of a reception center for returned veterans, which is to advise and aid the servicemen who return to the classroom. Through aptitude tests and interviews, the veterans are aided in selecting the field of study for which they are best fitted. After the courses have been started, the central office keeps constant check and each man has an adviser to see that he is able to do his work.

A recent editorial in *The New York Times*,[2] entitled "Veterans in the Classroom," gives some indication of the programs needed for veterans:

For many colleges today the postwar era has already arrived. Thousands of discharged veterans have returned to the classroom and are trying now to go on from where they left off two months or two years ago. A survey covering 1,000 of these ex-servicemen in eighteen colleges and universities reveals some interesting points.

Almost without exception, the veterans do not want to be "segregated." They do not want special "schools" established for them that would set them apart from the student body. Not one of the 150 veterans at New York University wanted to attend classes designed solely for service men. A Cornell University student, recently out of uniform, put it this way: "We like to mix with the other fellows, civilians and service men alike." This attitude may be due in part to the fact that the veterans admit that

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[2] *The New York Times*, June 11, 1944.

it is sometimes difficult to "get back into the swing" of college life. Many discover that they have forgotten how to study.

During the coming year many thousands of veterans will return to the campuses of the nation. Judging from this survey, the colleges will find these men serious, more interested in technical courses than humanities, and needing both friendly and expert guidance to make a satisfactory adjustment. Fortunately, colleges and universities throughout the country, aware of the problems involved, have made plans to meet the service men more than half-way. . . .

Most of the colleges have learned a great deal from the experience in teaching students under Army and Navy programs. More is now known of the capacity and interests of these students. Both the college administrators and the instructional staffs have learned that many short cuts in curricula and courses can be made when conditions necessitate such changes. Professors by the hundreds have learned for the first time that the Army and Navy begin their schedules early in the day and work late. They have also learned that, in planning instructional programs, the convenience and availability of students, as well as the convenience of the professors, should be considered. Intensive courses, with few holidays and short vacations, have become the order of the day, both for the students and faculty. Although the exigencies of war dictated the new policies, there are some points from these experiences that should be carefully weighed in making post-war educational plans, especially for the veterans.

A great variety of educational and administrative problems will face the colleges and the veterans. Large numbers of the veterans had not finished high school at the time they entered service. Some of them had already withdrawn from school because of a lack of interest in education or because of the

alluring opportunities in industry. In thousands of cases, these same young men, during the war period, have found themselves seriously handicapped because of inadequate education. They have observed the men with high-school backgrounds, and especially those who had one or more years of college training, make advances and gain promotions as non-commissioned officers and as officers. Having made these observations, they are determined to correct their inadequate educations as fully as possible, and thus prevent further handicaps in the business and professional world. With this in mind, and while they are still in the service, thousands of these young men and women are making plans to re-enter school as soon as they are released from service. Current estimates indicate that more than 1,000,000 men and women now in service will wish to return to some kind of educational institution or will seek training in business and industrial organizations. Since the passage of the Servicemen's Readjustment Act of 1944, with its liberal subsidies and tuition payments, an even larger number may want to return to school or college for one year or longer.

The educators and others assisting in developing the educational program should recognize the fact that the men and women, as veterans, will differ considerably in the extent of their previous educational attainments, as well as in age and educational interests; but all of them will have attained a certain degree of maturity as a result of their experiences. Most of them, furthermore, will be anxious to begin their civilian careers as soon as possible after discharge. Yet, in spite of their mature development, many of them will be unprepared to enter civilian life as profitable citizens. They will have been uniformly subject to a regulated way of living in which individual purpose and choice have had perforce to be subordinated to the ends of warfare. They will need to develop

additional skills and capacities to enable them to do their own work to best advantage. It is the responsibility of the schools, colleges, and universities to aid the returning veterans in making their transition from military life to civilian life with the least possible difficulty. To facilitate their readjustment as they return to the schools and colleges, a vocational-guidance program of tremendous proportions will need to be developed to take care of those desiring further training. This guidance should be planned, not only in order to channel men into training for which they have a capacity and aptitude, but also from the standpoint of vocational fields that will offer good opportunity for employment in the future. Too often men are encouraged to train for jobs that are already drying up. It is unfortunate for such mistakes to be made at any time, but the mistakes may be far more damaging from the standpoint of veterans whose educational and vocational training has already been retarded.

Some of us who returned to college at the close of the last war remember all too well the lack of planning and attention given to us. Many of us had entered service from college and returned to the same institution some 15 to 24 months later only to find that little or no change had taken place in the materials being taught, the methods of instruction being used, and in the general facilities available to returning students. It was because of the poor adjustments made by instructors and the colleges as a group that large numbers of veterans who returned to school withdrew soon after entering. The same thing will happen at the end of this war unless the school, college, and university teachers, and the institutions themselves, make the adaptations required for the men and women who have been in the service to get a vital kind of education taught by forceful instructors.

Some of the States have already passed laws giving free tui-

tion and granting other concessions to the veterans of their States. Several bills dealing with education for veterans have been introduced, and hearings have been held on some in Congress. The most far-reaching of these is the so-called "GI Bill of Rights."

The Servicemen's Readjustment Act of 1944 (the "GI Bill of Rights") became law on June 22 and covers a wide range of benefits for veterans. In signing the bill, President Roosevelt remarked that the law gave "emphatic notice to the men and women in our armed forces that the American people did not intend to let them down."

The main provisions of the Servicemen's Readjustment Act are:

1. It authorizes for veterans up to 52 weeks of unemployment compensation at the rate of $20 a week, with adjusted compensation for self-employed veterans restoring themselves in business rather than seeking jobs from others.

2. It guarantees 50 per cent of loans up to $2,000 to veterans at interest of not more than 4 per cent for the purpose of establishing homes or businesses, or purchasing farms.

3. It appropriates $500,000,000 for construction of additional veterans' facilities, including hospitals, and strengthens provisions to assist veterans in finding employment through the United States Employment Service.

4. It authorizes allowances for as much as four years of education or training in certain cases, with tuition and fees amounting to not more than $500 for an average school year, plus monthly subsistence pay of $50 for a single veteran and $75 for those with dependents. The amount of education any veteran may receive at government expense will depend upon his length of service in the armed forces.

Those eligible for the several benefits are those men and women who served in the military or naval forces (Army,

Navy, Marine Corps, or Coast Guard) of the United States between September 16, 1940, and the termination of the present war, who were discharged or relieved from active service under conditions other than dishonorable, and who were on active duty 90 days or more or were discharged or released from active service by reason of an actual service-incurred disability.

In addition to the above general requirements, the various sections of the law set forth the specific requirements for eligibility as they relate to the several titles of the act. Title II, Chapter IV of the Act, "Education of Veterans," reads, in part, as follows:

1. Any person who served in the active military or naval service on or after September 16, 1940, and prior to the termination of the present war, and who shall have been discharged or released therefrom under conditions other than dishonorable, and whose education or training was impeded, delayed, interrupted, or interfered with by reason of his entrance into the service, or who desires a refresher or retraining course, and who either shall have served ninety days or more, exclusive of any period he was assigned for a course of education or training under the Army specialized training program or the Navy college training program, which course was a continuation of his civilian course and was pursued to completion, or as a cadet or midshipman at one of the service academies, or shall have been discharged or released from active service by reason of an actual service-incurred injury or disability, shall be eligible for and entitled to receive education or training under this part: Provided, That such course shall be initiated not later than two years after either the date of his discharge or the termination of the present war, whichever is the later: Provided further, That no such education or training shall be afforded beyond seven years after the termination of the present war: And provided further, That any such person who was

not over 25 years of age at the time he entered the service shall be deemed to have had his education or training impeded, delayed, interrupted, or interfered with.

2. Any such eligible person shall be entitled to education or training, or a refresher or retraining course, at an approved educational or training institution, for a period of one year (or the equivalent thereof in continuous part-time study), or for such lesser time as may be required for the course of instruction chosen by him. Upon satisfactory completion of such course of education or training, according to the regularly prescribed standards and practices of the institutions, except a refresher or retraining course, such person shall be entitled to an additional period or periods of education or training, not to exceed the time such person was in the active service on or after September 16, 1940, and before the termination of the war, exclusive of any period he was assigned for a course of education or training under the Army specialized training program or the Navy college training program, which course was a continuation of his civilian course and was pursued to completion, or as a cadet or midshipman at one of the service academies, but in no event shall the total period of education or training exceed four years: Provided, That his work continues to be satisfactory throughout the period, according to the regularly prescribed standards and practices of the institution: Provided, however, That wherever the additional period of instruction ends during a quarter or semester and after a major part of such quarter or semester has expired, such period of instruction shall be extended to the termination of such unexpired quarter or semester.

* * * *

6. While enrolled in and pursuing a course under this part, such person, upon application to the Administrator, shall be paid a subsistence allowance of $50 per month, if without a dependent or dependents, or $75 per month, if he has a dependent or dependents, including regular holidays and leave not exceeding thirty

days in a calendar year. Such person attending a course on a part-time basis, and such person receiving compensation for productive labor performed as part of their apprentice or other training on the job at institutions, business or other establishments, shall be entitled to receive such lesser sums, if any, as subsistence or dependency allowances, as may be determined by the Administrator: Provided, That any such person eligible under this part, and within the limitations thereof, may pursue such full-time or part-time course or courses as he may elect, without subsistence allowance.

The colleges and universities will have a tremendous responsibility and opportunity in developing educational programs to meet the varying needs of the veterans, in integrating these returning servicemen with the rest of the student body, and in the provision of alert and understanding professors and administrative officers who will provide the type and character of instruction that will be needed. Industry and commercial establishments will face a similar challenge as they seek to provide the scope and type of industrial and business training that will be desired by the veterans who seek this kind of opportunity, rather than to return to school or college. Since the government is to provide wide opportunities for the veterans who wish to pursue such training, it is hoped that adequate plans of instruction and training will be made available.

Earlier in this discussion, the critical problem of guidance was raised. This point should be further developed. As the veterans return to school, they will need careful counseling in order that they may be properly adjusted in the courses for which they are best equipped, and at a level which will stimulate them and, at the same time, will be in keeping with their individual abilities. But this initial counseling will not

meet all of their needs. The men and women recently returned to the classrooms will need assistance and advice frequently. With this in mind, well-qualified counselors should be made available and should have adequate time at their disposal to see the veterans as often and for as long a period as may be necessary. Adequate counseling offers a real challenge and we certainly ought to have enough imagination to meet the challenge resourcefully. If a country can recruit a man from the factory, mine, farm, school, or college, give him physical and vocational examinations, train him at great expense for many months, supply him with the most expensive equipment, and then send him forth to fight, that same country ought to be able to develop a comprehensive program to reconvert that man into a productive civilian.

III

After the veterans have completed various types of educational and training courses, they will be seeking employment. Millions of the returning servicemen will desire employment as soon as they are released from service. Let us now consider their employment and re-employment.

Under Section 8 of the Selective Training and Service Act of 1940, as amended, the Selective Service System is charged with a dual responsibility to returning veterans: (1) to render assistance in restoring them to their old jobs, and (2) to render aid in securing new positions for those who do not choose to, or cannot, be reinstated in their former positions, and for those who had no positions at the time they entered the military service.

Veterans entitled to such aid include all persons, male and female, who, subsequent to May 1, 1940, entered upon active

service in the Army, Navy, Marine Corps, or Coast Guard, whether by induction, enlistment, commission, or otherwise, and who have satisfactorily completed any period of active duty or any period of training and service under the Selective Training and Service Act of 1940, as amended. When a veteran satisfactorily completes his period of service, he is entitled to a certificate to that effect.

The Director of Selective Service, to facilitate the discharge of his responsibilities, has established a Veterans' Personnel Division (formerly Re-employment Division) in the National Headquarters of the Selective Service System. The State Director of Selective Service, as authorized by the Governor, has the obligation and responsibility of organizing and supervising this program within his State. It is the responsibility of the local board to discharge the obligations of the Director of Selective Service at the local level. All of the facilities of the local board are available for this purpose. In executing this responsibility, the local board uses the re-employment committeemen attached to the local board. The local board will handle the replacement of veterans in their former positions. The local board will utilize the services of the Veterans' Employment Service of the United States Employment Service, War Manpower Commission, in aiding veterans in securing new positions.

Upon separation from service, a veteran will be advised to report to a local board and of his right to call upon a local board and its re-employment committeemen for information and assistance. The local board and the re-employment committeemen will be prepared to explain to the veteran, and to put him in touch with, the various governmental agencies, veterans' organizations, business, labor, and professional as-

sociations, which are in a position to render assistance to him.

A veteran is entitled by law to reinstatement in his former position or to a position of like seniority, status, and pay:

(1) If such a position was in the employ of a private employer, the United States Government, its territories or possessions, or the District of Columbia;

(2) If such position was not a temporary position;

(3) If he left such position subsequent to May 1, 1940, in order to enter upon active military or naval service in the land or naval forces of the United States;

(4) If he satisfactorily completed his period of training and service and received a certificate to that effect;

(5) If he is still qualified to perform the duties of such position;

(6) If he makes application for re-employment within 40 days after he is relieved from service;

(7) If, such position being in the employ of a private employer, the employer's circumstances have not so changed as to make it impossible or unreasonable to reinstate the veteran to such position or to a position of like seniority, status, and pay.

A veteran who is restored to a position in the employ of the Federal Government or a private employer is entitled to the following additional benefits:

(a) He shall be considered as having been on furlough or leave of absence during his period of service;

(b) He shall be restored without loss of seniority;

(c) He shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person entered military or naval service;

(d) He shall not be discharged from such position without cause within one year after such restoration.

In carrying out its responsibility to aid veterans in securing new positions, the Selective Service System will utilize the existing facilities of several departments and agencies of the Federal Government. Among those agencies the United States Employment Service has 1,500 offices distributed in every section of the country. In each State, a Veterans' Employment Representative has been appointed to supervise the employment interests of veterans at the local offices of this agency in his State. A local Veterans' Employment Representative has been designated in each employment office to perform at the local level duties similar to those performed by the State Veterans' Employment Representative at the State level. The United States Employment Service maintains contacts with employers throughout the country and assists veterans in securing new jobs. The State Veterans' Employment Representative takes steps to see that there are adequate and efficient services available to veterans in all public employment offices in his State; he plans, directs, and coordinates the activities of local Veterans' Employment Representatives charged with the responsibility of supervising the Veterans' Employment Service program in their respective local offices.

When a veteran is not eligible for, or does not want to be reinstated in, his former position, but desires a new position in private industry, he should be referred to the Veterans' Employment Service, of the United States Employment Service.

Many veterans upon their return will be unable to fill their old jobs or any other job. They may be battle casualties; they may have service-connected or nonservice-connected disabilities; they may require rehabilitation, hospitalization, prosthetic appliances, or many other forms of physical care; or they may have financial problems involving pensions and allowances. Under such circumstances, the veteran is entitled to

the assistance of the Veterans' Administration. The programs of the Veterans' Administration and the Vocational Rehabilitation Division of the Federal Security Agency will be described later.

In certain cases it may be advisable to contact the United States Armed Forces Institute, Madison, Wisconsin, which will provide records of courses taken by military personnel while in service and will give veterans special examinations to serve as a basis of credit by civilian schools. In addition to the above services, help can generally be obtained from local veteran and civic organizations, clearing-house committees, and veterans' advisory committees.

It is encouraging to observe that of the thousands of veterans already released from active service, practically all of those entitled to re-employment in their old jobs and desiring such reinstatement have been reinstated without delay. Employers generally have made liberal interpretations of the law and have done everything possible to carry out their obligations. Where veterans, for various reasons, could not be reinstated in their old jobs, employers have made every effort to adjust them to other jobs in their plants or have helped them find other work opportunities. In only one instance has it been necessary to refer a case to the United States District Attorney, and in this instance, when the employer was informed that the papers were being prepared for trial, he agreed to reinstate the worker and paid $648 in back wages.

Although it will be much more difficult to reinstate veterans when the war is over and they are returning in large numbers, and at a time when industry will be contracting, we believe that this same spirit of cooperation will prevail, and employers will do their utmost to re-employ veterans rather than to seek some way of evading their obligations. Employers in

many instances have said they hope to carry out not only the legal obligations of reinstating returning veterans in their old jobs but also the moral obligations implied in the law. Such policies, followed by large and small employers, will do much to help stabilize employment in the months following the war. It is to be hoped that employers will re-employ returning veterans with the same enthusiasm as they have displayed their service flags.

Organized labor has been equally cooperative in helping adjust problems of seniority, wages, union dues, and other factors involved in restoring veterans to their former jobs and in assisting them in securing new work opportunities, and there is every reason to believe that this same cooperative spirit will continue.

As veterans are released from active service, they are instructed to make contact with the Re-employment Committeeman attached to some local draft board. These Committeemen serve as the friends and advisers of the veterans and are prepared to give assistance of various kinds. In performing their duties, these Re-employment Committeemen utilize the facilities of existing governmental agencies. Some of the agencies which are in key positions to assist veterans are the United States Employment Service, the Veterans' Employment Service, the Veterans' Administration, the Vocational Rehabilitation Division of the Federal Security Agency, the American Red Cross, the Civil Service Commission, Madison, Wisconsin, and the Armed Forces Institute. In addition to these agencies, the veterans' organizations, such as the American Legion, the Disabled American Veterans, and the Veterans of Foreign Wars, labor groups, business and professional organizations, service clubs, and many others are in a position to render valuable aid to

the veterans. The college deans and faculty members, and the local school superintendents, principals, teachers, and other school officials will be able to render important services in their communities. Welfare organizations and experts in counseling will have unusual opportunities for service. Publications such as *Occupations* of the National Vocational Guidance Association, *Survey Graphic,* and *Vocational Trends,* published by Science Research Associates, the labor magazines, manufacturers' and business publications, medical journals, and the bulletins of the welfare councils will do much to focus attention on the job that lies immediately ahead.

When men return to school or college, to the work bench, to the farm, to the position as a clerk in a store, to the position as an accountant in a bank, or to fill a position in a government office, the work will seem less varied and more monotonous than most of the jobs have been in the service. With this in mind, personnel managers, foremen, supervisors, executives of various kinds, and others who are helping veterans make their readjustments will have to be on the alert constantly to detect dissatisfaction among the men and women recently returned to civilian life. Already, many personnel directors report that they have had interesting experiences, many of them very successful, with the veterans who have already been released. But they emphasize the fact that the returning servicemen require much more careful supervision and more frequent counseling that the nonveteran. It is not enough merely to provide a job and make the assignment to the veteran. He must be counseled and questioned frequently and, in order that this will accomplish the desired results, there must be a frequent exchange of viewpoints between the counselor and the worker. Above all else, the counselor must have the complete confidence of the returning veteran.

Currently, a considerable number of veterans is being released for various reasons. It is highly important to try out the plans that have been set up to care for these men and women. Beginning the latter part of January 1944, there was established in seven cities—New Haven, Philadelphia, St. Louis, Houston, Denver, Los Angeles, and Minneapolis—a special service for veterans operated by the Veterans' Employment Service of the United States Employment Service. All veterans, on their first visit to these offices, will be routed immediately to personnel especially designated to give service to veterans. Those desiring immediate placement will see the veterans' placement specialist; those desiring assistance in obtaining re-employment in their former jobs will be aided by Selective Service representatives; others will be served by the counseling section. The counseling service will assist veterans, on request, in making an occupational choice; analyze information provided by the armed forces as to their training and experience while in service; and supply information on local job opportunities and requirements. The counselors will also have information regarding employment possibilities in other areas. Representatives of the local employers and labor officials will work with the placement specialists and the counselors for the physically handicapped on employment problems related to the placement of veterans. By trying out the program in seven cities of different sizes and with different problems, the Veterans' Employment Service will develop means for full utilization of all known employment possibilities.

It is possible that, in the months immediately ahead, a large number of towns and cities of all sizes will establish centers designed especially to render assistance to returning veterans. Many organizations, including the service clubs, veterans'

organizations, business, labor, industrial, and professional groups, have indicated their desire to help the veterans make their readjustments in their respective communities. Perhaps the thing most needed now is the necessary machinery by which the plans of the many different groups can be coordinated in order to give a unity of purpose and to prevent a duplication of effort at the local level. But it will not be enough merely to establish veterans' centers. They must be well staffed with personnel capable of rendering the various kinds of services needed by the veterans. Those who are particularly interested in guidance and in the general welfare of the returning veterans will be able to render very valuable assistance in this work.

There are many organizations and individuals all over the country anxious to assist the veterans in making their readjustments. It is highly important that these individual and group efforts should be integrated and coordinated in order that there will be no overlapping or duplication of services. To accomplish this objective, the President of the United States, on February 24, 1944, through Executive Order, established the Retraining and Re-employment Administration in the Office of War Mobilization. The Executive Order contemplates that this Administration will generally coordinate activities of all government agencies having to do with the retraining and re-employment of persons discharged or released from the armed services and other war work, including all work directly affected by the cessation of hostilities or the reduction of our war program. In other words, the Executive Order directs the Administration to utilize existing agencies and function through them to the fullest extent possible, and to avoid duplication and overlapping in the work now being done. Brigadier General Frank T. Hines, Administrator of Veterans' Affairs,

was named as the Administrator of the Retraining and Re-employment Administration.

IV

Of the more than 1,200,000 men and women already discharged or released from active service a relatively small proportion have been battle casualties. But this percentage will increase as the fighting increases and as our participation in it is extended to wider battle fronts. The prospect of hundreds of thousands of such war-disabled constitutes one of the most appealing social challenges ever presented to the leaders of industry, labor, business, government, social agencies, and educators.

The rehabilitation program of the Veterans' Administration is not only a means of enabling individuals to earn their living, but a means to social participation, self-respect, and that individual integrity which is the right of every member of society, and which even to a fuller extent is the right of those who bear service-incurred disabilities. These men, perhaps more than any others, will need to live as normal a life as possible, and it is our obligation to do everything in our power to help them achieve such a life.

After the rehabilitation process, these veterans, in most cases, will be as employable as the average worker, if not more employable. While most workers drift into employment, rehabilitated veterans will go into employment after considered and tested advisement. The rehabilitated veteran will be suited to the occupation for which he is trained. He will be hand-picked and hand-fashioned for the job by experts instead of by luck or unguided training.

In considering the retrained veteran as a future employee, there are certain facts concerning veterans in general of which those in education, industry, and business should be aware.

The men in our armed forces are among the healthiest and most normal of our American manhood. Generally, handicaps are of such a nature as not to affect this general good health. Again the servicemen of today are initially better educated than those of any previous war, but liberal provision has been made for their continued education while in the service. Education in the form of camp libraries, group study courses, and Armed Forces Institute correspondence courses in which most major collegiate institutions are participating is making learning continuous with the soldiers' life interests. The men in the armed forces are also young men. In 1943, fifty per cent of the men in the Army were under twenty-five years of age; eighty per cent were under thirty.

It should also be borne in mind that the armed services, like all society, have gone through an industrial revolution and, as a consequence, the technical jobs that must be learned as a part of the trade of war have run into the hundreds. In the last war the technicians were in the minority; in this war, according to a statement of General Somervell, the technically trained amount to about sixty-three per cent of the armed forces. "Without them," he says, "our army would be an incongruous mass incapable of effective action." The branches of the armed services—the Signal Corps, the Air Forces, the Army Supply Forces, and the branches of the Navy—all have vast training enterprises, entering and graduating thousands of men each month. The armed forces of World War II are adjusted to the understanding of many highly complicated mechanical instruments and processes which were entirely unknown at the time of World War I. It is true that much of this training has been narrowly technical and otherwise limited in scope, as is that of the average war worker, but the amount of it is unprecedented.

From such men as these will come the handicapped veterans. If we may judge by the experience with the 125,000 disabled veterans trained and placed after the last war by the Veterans' Administration, they will be characterized by an intense desire to fit themselves into suitable employment, and will gladly undergo the training necessary for the attainment of their occupational objective. These men will be eager to discuss with the advisement officer of the Veterans' Administration the matter of an employment objective, and they will expect the training they receive to be practical, stimulating, and compact. They will demand courses that are streamlined and focused on an objective. It will be the duty of the Vocational Rehabilitation Service to see that each veteran receives such training at a level suited to his abilities. Every contact the veteran has with the training program must sustain and extend morale. The Veterans' Administration will exercise great care in the selection of the employment objective, the construction of the individualized training program, the selection of the training facilities, and the supervision of the training.

The problem of finding suitable employment for the handicapped will be a difficult one. In the last two or three years, under the pressure of the war emergency, the handicapped have had a chance to show what they can do. In 1943, one hundred fifty thousand disabled civilian workers were placed by the United States Employment Service, an increase of 300 per cent over 1940. The results have been gratifying. The *Monthly Labor Review* of September 1943 states that "experience has shown that such persons properly placed in industry may equal or even exceed in productiveness the unhandicapped." They have proved unusually loyal and efficient workers. A few years ago it was thought that they would add

to the difficulties of the employer; that there would be a high rate of absenteeism; that they would not carry their share of the load; that they would not reach production standards; and that they would be prone to accidents. None of these things has proved true. Inquiries made of over one hundred employers of physically impaired persons brought replies from 56.6 per cent that the handicapped had a lower accident rate than the able-bodied, and from 41.4 per cent that their rate was the same as the able-bodied. With respect to labor turnover, they had an unfavorable record as compared to the able-bodied in only 1.3 per cent of the cases, and in 82.9 per cent of the cases they had a lower rate than the others. In 54.6 per cent of the cases they had less absenteeism and in 40.2 per cent they equaled the able-bodied. In production, they were above the able-bodied in 23.8 per cent of the cases, and equal to them in 65.7 per cent of the cases. The Civil Service Commission in a recent report gave an equally favorable picture of the disabled as compared with other workers.

Industry has already put itself on record with respect to the efficiency of the handicapped. Companies which were first moved by altruism found that they themselves were the beneficiaries in hiring handicapped individuals. The disabled, properly placed, not only equal the normal in their work quotas but act as morale builders to other workers. Certain large companies have had, for a long time, well-defined policies and programs relating to the employment of the physically handicapped. The Ford Motor Company employs over 11,000 persons having some form of defect; 1,200 of these are blind. In one of its large factories, about 10 per cent of the men employed are handicapped in some way. Concerning these, Edsel Ford wrote, "No company regards such employment as charity or altruism. All our handicapped workers give

full value for the wages, and their tasks are carried out with absolutely no allowances or special considerations. Our real assistance to them has been merely the discovery of tasks which would develop their usefulness."

It is this last point that is of utmost importance in planning for the employment of the handicapped. There is abundant evidence for the conclusion that the handicapped are assets in business and industry provided they are placed in jobs that they can do. The Bethlehem Steel Company of Allentown, Pennsylvania, reports that it has already employed more than 9,000 veterans of World War II. Of this number, approximately 4,000 were former employees of the company who were re-employed after they returned from service, and 5,000 were veterans who had never worked for this company before. Officers of the organization report that these veterans have proved to be good workmen and that most of them have made quick adjustments in the plants. The satisfactory placement of these veterans requires more frequent conferences and attention than nonveterans, but once they are assigned to the work for which they are best adapted they become contented and efficient employees.

V

Let us now consider the program of the Veterans' Administration, with special reference to its plan of operation. For the past twenty-five years Congress has seen fit to place in one agency in the executive branch of the government the application of all laws providing benefits to which veterans were entitled because of service in the armed forces of the United States. In view of this definite placement in the Veterans' Administration of the responsibility for the vocational rehabilitation of disabled veterans, the War and Navy De-

partments and the Veterans' Administration cooperated in developing and putting into effect early in 1943 a definite procedure whereby the care of every soldier and sailor discharged because of disability would automatically come to the attention of the Veterans' Administration for determination of his rights to benefits under federal laws. Under this procedure a soldier or sailor before being discharged from an Army or Navy hospital because of disability is informed of his possible rights and benefits under existing laws. Following his discharge certain papers which carry the record of the data necessary to establish claims to benefits automatically flow to the regional office of the Veterans' Administration in the State where the veteran resides. If these papers include an application for pension, they are reviewed by a rating board, composed of a doctor, a lawyer, and an occupational member, to determine whether the veteran is entitled to such pension. If the veteran is found to be entitled to a pension, the board goes one step further and determines whether the disability for which pension is payable is such as to cause a vocational handicap. If the board finds that a vocational handicap exists, the board sends to the veteran, along with the notice of his right to a pension, an application form to be used in applying for vocational rehabilitation.

There are also developed currently, in accordance with needs appearing in the cases of individual veterans, special arrangements whereby the activities of the War and Navy Departments for effecting the mental and social adjustments essential to any rehabilitation are coordinated with the vocational rehabilitation activities of the Veterans' Administration. Under a plan recently approved by the President for example, upon the recommendation of the Secretary of War, the Secretary of the Navy, the Chairman of the War Man-

power Commission, and the Administrator of Veterans' Affairs, a person blinded while in the armed forces will be retained in the service after completion of hospital treatment until he shall have completed an adequate course of social adjustment designed to enable him to do as many as possible of the things a blind person should be able to do in establishing satisfactory association with sighted people of his community. During this adjustment period, Veterans' Administration Vocational Advisors will, by counseling with the proper personnel of the Army center and with the blind veteran, assist and guide him in choosing the occupation in which he will be trained after discharge, and the training for that occupation will be planned and arranged so that he will be prepared readily to take his normal place in the community.

The Veterans' Administration's organization for conducting its Vocational Rehabilitation Program is set up in the Central Office and the fifty-two regional offices. The responsibility of the Central Office is the planning and control of the work done in regional offices, to which all operative functions have been decentralized. The major Central Office unit of organization is designated as the Vocational Rehabilitation Service which has three divisions: a Vocational Advisement Division, a Training-into-Employment Division, and a Research Division. Each of these units has a counterpart in each of the regional offices in the field. Every such office accordingly has a Vocational Rehabilitation Division containing three units: the Advisement Subdivision, the Training Subdivision, and the Registrar's Office.

There is in process of development a plan whereby certain functions, such as Vocational Advisement, Induction-into-Training, and Training Supervision, which require personal contacts with the claimants and trainees, will be further de-

centralized and operated from universities and colleges suitably located throughout the country, which are willing to enter into the necessary agreements. Vocational Advisors may also function at Army and Navy hospitals where the conditions can be made favorable for carrying on counseling activities.

The vocational rehabilitation activities conducted by these organizations' units are of three types: vocational advisement, vocational training, and employment placement. The nature of each of these with respect to their application in the individual case is stated below.

Vocational advisement in a particular case begins when a veteran returns his application, Form 1900, properly executed, to the Vocational Rehabilitation Division of the field office which he has been informed has the record of the official finding that he has a pensionable disability causing a vocational handicap. The first step in the advisement procedure consists of a conference of the Vocational Advisor and the applicant to determine whether a need for vocational rehabilitation exists. If such need exists the veteran is then given an evaluation of his remaining capacities to determine how they may best be utilized occupationally in the light of his entire past social and domestic exposures, educational attainments, work experience, including special training and assignments in the armed forces, his interest and desires, together with such other capacities and abilities as may be revealed by suitable objective tests or by expert consultants on special aptitudes, such as music and art, to restore employability. This orientation places the veteran in a position, with the aid of the Vocational Advisor, to explore the fields of employment open to him and these fields are then carefully scrutinized and eliminated one by one until one is left where his opportunities for employ-

ment seem the most promising. Within this one field of endeavor a definite employment objective is selected and the necessary training outlined with respect to content, duration, and type of training. Such a program of rehabilitation, before it may be entered upon by the veteran, must be acceptable to the veteran and approved and certified by a Medical Consultant, the Vocational Advisor, and finally the Training Officer, who is to become entrusted with his supervision during the training period.

Vocational training, to carry out a program of rehabilitation thus mutually agreed upon, begins when the Training Officer formally enters the veteran, in or near his home community if possible, in an approved institutional training facility or in a carefully selected establishment for training-on-the-job, upon the basis of an individual training program worked out in cooperation with the training facility so as to show in detail the specific knowledges and skills to be acquired during the training period, to prepare the veteran to meet the employment requirements of the objective selected. The Veterans' Administration, through the Training Officer, supplies the trainee with books, tools, and other necessary equipment. Should minor adjustments while in training become inadequate to maintain or restore normal progress and it becomes necessary, in the opinion of the Training Officer, to effect major changes in the original rehabilitation program, he prepares a written report on the developments while in training status and refers it for attention to the Vocational Advisement subdivision. This report then becomes the basis for revaluation of the original program of rehabilitation in light of the new evidence revealed.

The Research Division is responsible for making studies, investigations, and reports inquiring into the rehabilitation

of disabled persons and the relative abilities, aptitudes, and capabilities of the several groups of the handicapped, as to how their potentialities can best be developed and their services best utilized in gainful and suitable employment. The activities involve a continuing survey of agricultural, industrial, professional, and commercial activities to determine, for the use of the Vocational Rehabilitation Service of the Central Office and the Vocational Rehabilitation Division of the field offices, the presently existing occupations, the postwar anticipated occupations, and those which the establishment of new enterprises will create. The personnel of the Research Division also act as a liaison between the Veterans' Administration and other agencies of the government and with nongovernmental organizations in developing the Vocational Rehabilitation Program.

Employment is the final goal of vocational rehabilitation. Upon completion of training-on-the-job, employment is normally secured where the veteran was trained, but in all cases it is a definite responsibility of the Training Officer to place the veteran in employment upon completion of training.

Veterans eligible to vocational rehabilitation must have met the following requirements:

a. Active military or naval service after December 6, 1941, and during the present war.

b. Honorable discharge from active service.

c. A disability incurred in or aggravated by such service for which pension is payable under laws administered by the Veterans' Administration, or would be but for the receipt of retirement pay.

d. A need of vocational rehabilitation to overcome the handicap of such disability.

Maintenance and support during training and for two months after employability has been determined will be pro-

vided through increased pension. A single person will receive a pension at the rate of $80 a month, a married person $90 a month, with $5 a month for each dependent child and an additional allotment in the amount of $10 for each dependent parent. In addition to these amounts, payments by employer-trainers to veterans during training-on-the-job are authorized to be made in accordance with certain principles designed to preserve a balance between the amounts which may be paid a claimant during training and those which he may receive in employment after being trained. Loans not exceeding $100 may be made to trainees commencing or undertaking rehabilitation.

VI

When the war ends, some 15,000,000 veterans will have the right to be hospitalized by the Veterans' Administration when beds are available. At present, the Veterans' Administration has 87,000 hospital beds in its 94 facilities. The 78th Congress appropriated $42,000,000 for the Veterans' Administration with which to provide an additional 13,500 beds. This will bring the number up to more than 100,000 beds.

It has been estimated that 300,000 beds will be needed to enable veterans of this war to receive hospital and domiciliary care to the same extent as provided for veterans of earlier wars. However, this estimated maximum should not be required until long after the war, or necessitate the eventual additional construction of more than 100,000 beds, since there will be under present plans 100,000 beds in Veterans' Administration facilities, and it should be possible to obtain at least that number from the Army and Navy shortly after the war terminates and these agencies have completed their medical and surgical treatment of the wounded. The peak hospital load will probably not be reached before about 1975.

Although our battle casualties are still relatively low,

considering the large number in service, less than half of those experienced in the last war, we are already making payments on account of disability and death and maturity of National Service Life Insurance policies at a rate in excess of $32,000,000 a year on account of the present war. The amount of disability pension ordinarily payable ranges from $10 to $100 monthly in multiples of 10, depending upon the degree of disability; *i.e.*, 10 per cent, $10 a month; 20 per cent, $20 a month, etc., to 100 per cent, $100 a month. No man is pensionable whose disability is less than 10 per cent. (Recent legislation increases certain Veterans' Administration payments by 15 per cent.)

As mentioned earlier in this discussion, the percentage of disability is determined by a rating board consisting of a medical specialist, a legal specialist, and an occupational specialist. The board rates the disability, assisted by other personnel consisting of clerks and stenographers. The percentage of disability is based upon the average degree of impairment in earning capacity, so that there may be no penalty on any individual for his ability to overcome the handicap caused by his disability. Definite sums have been provided for certain specific disabilities, and these payments are in addition to the sums payable for the percentage rating of the disability. For example, a man who loses an eye or a leg or an arm receives $35 for this loss. In addition, he receives a payment based upon the percentage of such disability, which can run from 40 per cent to 90 per cent. In the case of an arm or a leg, this rating would depend on how low or how high the amputation occurred. An example would be a man who lost his leg at the knee joint. For this he would receive the flat $35. In addition he would receive a 60 per cent disability rating, or $60 a month, which added to his $35 would give him a monthly

pension of $95. Other specific disability sums are provided for more serious injuries. Should a man lose his life in line of duty in the armed forces, his designated next of kin will receive from the Army or Navy a cash sum of money equal to six months of his pay. In addition, his dependents will receive monthly pensions at specified rates from the Veterans' Administration.

Life-insurance payments, in the event of death in the service, are in a different class from the other government payments. This insurance, called National Service Life Insurance, must be applied for by the soldier, sailor, Marine, or member of the Coast Guard. Monthly premiums are deducted from his service pay. The insured may apply for amounts running from $1,000 to $10,000 total, and within these limits may take out more than one policy, if he so desires. Beneficiaries are limited to wife, children, parents, sisters, and brothers.

VII

In addition to the returning veterans who have service-connected disabilities which will be handled by the Veterans' Administration, there will be thousands of the servicemen who will desire rehabilitation and further training, but who do not meet the requirements for rehabilitation under the program of the Veterans' Administration.[3] Also, there will be large numbers of civilians who will have handicaps and will desire further training in order to overcome such handicaps. Veterans and nonveterans alike are entitled to such training which is administered by the Vocational Rehabilitation Division of the Federal Security Agency.[4] A brief discussion of this program follows.

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[3] *Public Law No. 16*, 78th Congress, 1943.

[4] *Public Law No. 113*, 78th Congress, 1943.

Legislation approved by the President on July 6, 1943, provides the necessary framework within which a peacetime as well as a wartime program of rehabilitation will be administered. This program is available to civilians and veterans alike, although veterans who have service-connected disabilities will generally seek rehabilitation through the Veterans' Administration if they qualify for such services. The scope of services available to disabled persons now and after the war has been broadened to include any services necessary to render them capable of engaging in remunerative employment or to render them more advantageously employable. These include surgical and medical care, hospitalization, therapeutic treatment, artificial appliances, vocational guidance and training, maintenance during training, and placement in employment. Mentally as well as physically disabled individuals are now eligible for rehabilitation. Specific provision has been made for the rehabilitation of the blind and war-disabled civilians, the latter of whom are defined to include members of the citizens' defense corps, aircraft warning service, civil air patrol, and the merchant marine.

Sole responsibility for the administration, supervision, and control of this program rests with the State Boards for Vocational Education. Where there is a State commission or other agency authorized to provide rehabilitation services to the blind, that commission or agency will administer the part of the rehabilitation program pertaining to this group.

Fiscal provisions for this program have been liberalized. Federal grants to the States may now be based on actual requirements and the amount of State funds available for matching, rather than on the basis of population as after the last war. Moreover, the Federal Government will assume the entire cost of administering the individual State rehabilitation programs. It will assume half the cost of medical examina-

tions, surgical and therapeutic treatment, hospitalization, prosthetic appliances, transportation, occupational tools and licenses, rehabilitation training, and maintenance. The entire cost of these services will be assumed by the Federal Government in the case of war-disabled civilians.

Responsibility for certifying federal funds and establishing standards rests with the Federal Security Agency. Within this Agency an Office of Vocational Rehabilitation has been created to discharge these federal responsibilities. The basic condition to the certification of federal funds is a State plan of vocational rehabilitation approved as meeting federal requirements.

As a basis for determining the individual's total rehabilitation needs, a medical diagnosis is required to establish the general health and medical history of the individual, including organic and functional conditions. The medical diagnosis and prognosis indicate the type and extent of medical or surgical care needed, and must be taken into consideration together with the vocational diagnosis. The latter consists of an analysis of the individual's intelligence, education, experience, interests, and aptitudes, as well as environmental and personality factors. In each case a complete rehabilitation plan must be made with the disabled individual, based on the results of these diagnoses.

Most handicapped individuals are in need of guidance in selecting suitable fields of work. Guidance must be provided to relate the occupational capacities of the individual to the occupational opportunities of the community.

Mental and surgical services must be closely coordinated with vocational guidance, training, and other services required in the individual case. Type of training and work tolerance must be determined jointly by the physician or surgeon and the guidance and training specialist. Many individuals may

need only a prosthetic appliance and guidance before they can return to their previous employment; such appliances must be adapted to the occupational needs of the individual. With the exception of war-disabled civilians and civil employees of the United States disabled in the performance of their duties, the inability of the individual to pay for the needed medical service must be established before federal reimbursement for the cost of these services is made.

Upon completion of preparation, the individual must be assisted in securing employment in accordance with his physical condition, qualifications, and temperament. Such placements are effected to safeguard handicapped workers and to assure proper utilization of their abilities and skills.

Two objectives stand out in the implementation of this program. First, we must, in the present emergency, salvage disabled manpower to relieve the growing labor shortage. Second, with thousands of disabled individuals seeking employment in the postwar period, we must assure them proper facilities with which to secure employment. We must prepare for the readjustment of handicapped workers who may be displaced by industry at the end of the war. In the accomplishment of these objectives, full use will be made of existing voluntary and governmental agencies of the community.

Disabled persons coming to the attention of an agency or individual and who appear to be in need of rehabilitation, but who do not have service-connected disabilities, should be referred to the Vocational Rehabilitation Division of the State Board for Vocational Education, which in most instances is located in the capital city of the State.

VIII

We have considered at length the education, re-employment, and rehabilitation problems of returning veterans. It is clear

that careful planning has been done by the various agencies of government to make certain that veterans can be given adequate attention after they are released from active service in the armed forces. It is also clear that industry and labor are willing to give their full cooperation in readjusting the men and women as they return from the battle fronts all over the world.

The program of the Veterans' Personnel Division of the Selective Service System, in cooperation with the Veterans' Employment Service of the United States Employment Service and the Reemployment and Retraining Division of the Veterans' Administration, should be able to take care of the re-employment and employment problems of veterans. The Veterans' Administration has an extensive program for the hospitalization, rehabilitation, and training of veterans with service-connected disabilities. The Rehabilitation Division of the Federal Security Agency has a comprehensive program for the rehabilitation and training of nonveterans who are in need of rehabilitation, and of veterans who do not have service-connected disabilities, or who, for various reasons, may not take advantage of the rehabilitation program of the Veterans' Administration.

To balance the employment and rehabilitation plans, a definite program of education, designed especially for veterans, is needed at this time. Perhaps the wide current discussions by national leaders in education and the recent federal legislation will result in a program as comprehensive as those already developed in regard to re-employment, hospitalization, rehabilitation, and training.

REFERENCES

A number of books have been recently published on the psychological effects of war on the individual. Among these the following are recommended: *The Mind of the Injured Man,* by Joseph L. Fetterman (Chicago: Industrial Medicine Book Company, 1943, 260 pages); *Psychological Effects of War on Citizen and Soldier,* by Robert D. Gillespie (New York: W. W. Norton and Company, 1943, 211 pages); *Principles and Practice of Rehabilitation,* by John E. Davis (New York: A. S. Barnes and Company, 1943, 211 pages); *The Traumatic Neuroses of War,* by Abram Kardiner (New York: Hoeber, 1941, 258 pages); *Lectures on War Neuroses,* by Thomas A. Ross (London: E. Arnold, 1941, 116 pages); and *Rehabilitation of the War Injured,* a symposium edited by William B. Dougherty and Dagobert D. Runes (New York: Philosophical Library, 1943, 684 pages).

Listed among the "References" following the Conference addresses on "Education in Postwar America" (pages 143–144 of this volume) are several titles on the education and reemployment of veterans. To these may be added, "Reemployment and Postwar Planning," by Colonel John N. Andrews (*Annals of the American Academy of Political and Social Science,* March 1942, pages 186–192); and *Marching Home — Educational and Social Adjustment After the War,* by Morse A. Cartwright (New York: Teachers College of Columbia University, 1944, 44 pages).

Important information on demobilization and related problems may be obtained from bulletins of agencies and statements of officials directly concerned. Among these are *Veterans' Assistance Program,* Local Board Memorandum No. 190 (Washington: National Selective Service System, March 1, 1944); *Benefits to Veterans and their Dependents* (Washington: United States Veterans' Administration, 1944); and Brig. Gen. Frank T. Hines, "Address before the American Management Association," Chicago, February 10, 1944.

THE "CARTEL" PROBLEM

GILBERT H. MONTAGUE

I

"Cartel" is the newest epithet in the anti-trust vocabulary. This word has now been so over-worked that it is fast losing all its sting.

This point was reached last January (1944), when a motor carrier consolidation, which had been expressly authorized by the Interstate Commerce Commission after full hearings, report and argument, and later had been unanimously approved by a statutory three-judge court after full hearing and argument, and later, after appeal and argument before the Supreme Court, had been approved in an exhaustive Supreme Court opinion, was nevertheless called a "cartel" by the two dissenting Supreme Court Justices.

"Cartel" means today, therefore, merely something that somebody happens to dislike.

After the war we shall still have anti-trust laws, but it may help our thinking about them if we clarify several points regarding the Department of Justice and the Supreme Court.

An official who used to be in the Department of Justice, was in the habit of saying that he was "at last enforcing the anti-trust laws," thus implying that before he came to the Department his predecessors were not enforcing them.

In a very true sense it is only the Supreme Court of the United States that really enforces the anti-trust laws.

Ever since the first anti-trust law was enacted in 1890, the anti-trust laws on any particular date have forbidden only such transactions as the Supreme Court years later may hold were forbidden by those laws.

From 1890 until now, the Supreme Court's interpretation

of what is forbidden by the anti-trust laws has been in a state of almost constant flux.

Eight new Justices have been appointed to the Supreme Court since 1937, and in that period the tribunal has greatly expanded its interpretation of what the anti-trust laws forbid.

Especially rapid since 1938 has been the Supreme Court's change of view regarding limitations and conditions in patent agreements.

Anti-trust laws are, in a real sense, *ex post facto* laws.

Defendants in anti-trust cases are judged not by the law as it was judicially interpreted at the time they were committing their acts, but by later judicial interpretations of the law current at the time of the trial, and in many instances laid down by the Supreme Court and other federal courts long after their acts were done.

This has always been characteristic of anti-trust cases, and it is greatly intensified when, as now, the Supreme Court and other federal courts are repeatedly expanding the interpretation of the law and bringing within its penalties a rapidly expanding area of transactions.

In wartime all these characteristics are accentuated.

Agreements that were normal and highly beneficial to this country, when entered into years ago between our nationals and nationals of other countries then at peace with this country, can years later be unfairly distorted so as to appear sinister, or even unpatriotic, after war has broken out between this and other countries.

In the heated politics of wartime, the temptations to make this distortion are well nigh irresistible.

Since 1938 the Supreme Court has been narrowing its interpretation of the patent laws, and stretching its interpretation of what the anti-trust laws forbid, so that today there is legal

doubt about limitations and conditions in patent agreements which before 1938 rested securely on Supreme Court decisions in which had concurred such precursors and stalwarts of the New Deal as Justice Holmes, Justice Brandeis, and Justice (now Chief Justice) Stone.

Limitations and conditions in patent agreements which the Department of Justice as recently as 1939 had declared could be outlawed only by new legislation have since been invalidated by the Supreme Court under its new interpretations of the patent and anti-trust laws.

In this new area into which the Supreme Court has been beckoning and leading since 1938, it is hardly strange that the Department of Justice is now instituting many new prosecutions.

This explains most of the Department of Justice's recent suits regarding international trade agreements, for most of these agreements rest on patent license limitations and conditions based on Supreme Court decisions whose authority was unquestioned before 1938.

Deficient in petroleum, rubber, quinine and numerous other materials essential in time of war, and deficient also in sea power by which to import them in case of embargo or war, Germany concentrated for many years on chemical research and production synthetically on a commercial scale of products or substitutes of these materials.

With respect to these strategic materials, German universities have graduated more chemists, and German governments have aided more chemical research and production on a commercial scale, than any other nation in the world.

America and Great Britain did not concentrate on these things, because for a small fraction of the cost of producing these synthetics America and Great Britain could produce or

import the natural materials themselves, and because Great Britain and America, unlike Germany, were always confident that their sea power would enable them to import any materials which they did not themselves produce.

Because of all this, German chemical companies led the world in chemical research and production synthetically on a commercial basis of products and substitutes of petroleum, rubber, quinine and other strategic materials, and the governments of every nation of the world, especially the United States and Great Britain, in consideration of the public disclosure of these German inventions, were issuing in the 1920's and 1930's to German chemical companies and their nominees thousands of patents covering thousands of German inventions.

If "Patents for Hitler" had been "Germany's Master Plan," these German chemical companies should have kept for themselves the patents they thus obtained from the governments of the United States and Great Britain and every other nation in the world.

Just the opposite happened, however.

Throughout the 1920's and 1930's American industrialists, now defamed by authors of various books, articles, statements and speeches as traitors or "saps" or both, succeeded in obtaining from the "supermen" and "herrenvolk" directing these German chemical companies, now acclaimed by Dr. Goebbels and these authors as the intellectual and business masters of these American industrialists, the right and "know-how" to develop and improve upon and manufacture on a gigantic scale German inventions covered by these German-owned patents.

This has enabled America in her hour of greatest need to produce 100-octane aviation gasoline now used by all bombers

and fighters of the United Nations, and buna synthetic rubber which is the chief constituent of the Government's present synthetic rubber program, and substitutes for quinine like atabrine whose production has been raised from five million tablets annually before this war to over one billion tablets in 1943, without which American troops could not have taken the field against the Japanese in the Solomon Islands or New Guinea or China or in any other malaria-infested region of the world.

To obtain for American industry the right and "know-how" to use the German inventions covered by these German-owned patents, American industrialists had to come to terms with German companies owning these patents.

If all that a German company would grant was a right and "know-how" under a United States patent, the American industrialist had no right to manufacture or sell in South America, for a United States patent is of course limited to the United States.

This explains why some German inventions manufactured and sold within the United States have not been sold in South America.

Sometimes a German company would grant only a limited right and "know-how" under a United States patent, restricting the American industrialist in respect to the quantity of the product he might manufacture under the German invention, the price at which he might sell it, and the purpose for which, the manner in which, and the geographical area within which, he might manufacture and sell it.

Sometimes a German company would grant the right and "know-how" only on the condition that the American industrialist would grant to the German company a reciprocal right and "know-how" in improvements discovered or invented by

the American industrialist in the field opened up by the German invention.

This explains most of the Department of Justice's recent suits regarding international trade agreements, for most of these agreements rest on patent license limitations and conditions based on Supreme Court decisions whose authority was unquestioned before 1938.

II

Foreign trade that in no way involves patent agreements seems also to be engaging the Department of Justice's attention.

A typical foreign trade pattern is this:

An American national gets a foothold in a foreign country, and its success attracts competition in that country from other American nationals, and from nationals of that country, and from nationals of other foreign countries.

American nationals continue competing in that foreign country with one another, and with nationals of that country, and with nationals of other foreign countries, until the nationals of that country, or the government of that country, or both, become restive and critical of the extent to which American nationals are winning the market in that country.

Thereupon the nationals of that country, or their government, or both, intimate to these American nationals that unless they consent to an arrangement restricting their proportion of the market in that country, or limiting their competition in that country with one another and with nationals of that country and with nationals of other foreign countries, the government may enact a tariff, or impose import quotas, or establish a government monopoly, or take other measures to oust American nationals from continuing the business they have built up in that country.

On other continents outside North America such arrangements are customary, lawful, and encouraged by governments, and by public opinion, and by generations of judicial decisions and trade custom.

Arrangements analogous to these have repeatedly been upheld by judicial decisions of the House of Lords and the Judicial Committee of the Privy Council, which are the highest courts of Great Britain and the British Commonwealth of Nations.

Not as a complaint against our Supreme Court and our anti-trust laws, but as a plain statement of fact, it is axiomatic that American nationals doing business abroad must frequently condition themselves to customs and pressures of foreign governments, foreign public opinion and foreign competitors, compelling arrangements which if made and operated within the United States might be contrary to recent decisions of our Supreme Court and other federal courts.

If American nationals, under these circumstances, are liable to prosecution by the Department of Justice, they will be as completely barred by the United States from doing business abroad as were the nationals of China and Japan during the centuries when these were the "hermit nations."

The United States with its Allies is now engaged in a devastating war.

With the peace will come international problems of the utmost difficulty.

The United States has a democratic political system, and a competitive economic system.

The United States does not intend to coerce Great Britain, Soviet Russia, China, and the rest of the postwar world to adopt the democratic political system of the United States.

But in the anti-trust division of the Department of Justice,

some officials now appear eager to coerce Great Britain, Soviet Russia, China and all the rest of the world to adopt the competitive system of the United States, with all the refinements added by successive decisions of the Supreme Court under the anti-trust laws.

This program these Department of Justice officials are now carrying out in the midst of the greatest war in history, instituting every kind of criminal and civil prosecution in their power for the purpose of injecting into foreign and international trade relationships every new requirement of competition that can be spelled out of the Supreme Court's ever-expanding interpretation of the anti-trust laws.

President Wilson, in the first World War, foresaw the folly of all this, and also the folly of subjecting Americans doing business abroad to all the requirements of all the American anti-trust laws as well as all the requirements of all the laws of the foreign countries where they are doing business, while the foreigners against whom they are competing abroad need comply only with the laws of the foreign country where they are doing business.

To correct this obvious injustice and absurdity, Congress during the first World War enacted at President Wilson's insistence the Webb Export Trade Act of 1918,[1] which now, however, is quite out of date.

Without delay, therefore, the State Department, the Department of Justice, the Foreign Economic Administration, and every other Government department and agency pertaining to this subject, should promptly collaborate in framing and recommending to Congress legislation to meet this situation, so that now in this present second World War and for

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[1] Also known as the Webb-Pomerene Act.

all the postwar period there can be achieved all the objectives that President Wilson sought to attain when he procured the enactment of the Webb Export Trade Act in 1918.

III

I would like now to provide just a few illustrations of the past and present attitude of various people on this subject.

There is a wide-spread notion among certain officials in Washington that there is some wild conspiracy on the part of everybody interested in trade overseas to get into some kind of cartel.

Speaking from an intimate knowledge of the subject gained over the past thirty years, I can offer positive assurance such is not the case.

Our foreign trade which amounts to considerably less than ten per cent of our regular domestic trade would hardly provide the temptation.

Moreover there is no desire on the part of the American manufacturer or business man to do anything which might involve him with the Department of Justice.

He wants to keep as far away from trouble as he can.

There is no nutriment in litigating with the government.

As I have already tried to show, it is a succession of judicial decisions since 1938 that has put so many of our American concerns "off-side." Until that date, by decisions in which even the New Deal Justices had concurred, everything was perfectly lawful in connection with foreign trade agreements. Since that date decisions of the Court have made these erstwhile lawful agreements unlawful or at least legally questionable; and the law is such that a decision rendered today, as to what the law is, can be related back and outlaw transactions made fifteen or ten or five years ago.

What now is the present attitude of companies engaged in foreign trade?

There were statements in the press in September 1943 made by the Standard Oil Company of New Jersey respecting its attitude on this whole subject. Since nothing has appeared in the press beyond these minor items on the date mentioned, I would like to read pertinent excerpts from the company's statement. It explains the attitude of a corporation which has been the "whipping boy" in Washington whenever anything was said about foreign trade agreements.

On September 14th, this statement was put out by the Standard Oil Company: "We do not believe in controlling production—whether it is done by bureaucratic expedient or by business men behind the locked doors of board rooms. When there seems to be over-production, it is the American way to use science in finding new uses for the product, to improve the methods of distribution so that people can share what is being produced at a lower cost."

One of the earlier speakers in this Conference series pictured the whole of big business as trying to bring about a scarcity program. He held himself out as the unique proponent of a program of plenty. Here is one of the biggest corporations in all overseas operations aligning itself wholeheartedly with what he proposed.

The Standard Oil Company's statement continues: "We do not believe in combinations to control prices. Quite aside from any moral principle involved, we think it is folly for a business to believe that it can be secure in such an arrangement. Such a business becomes defensive in policy. Sooner or later somebody is going to develop better ways to make the product more cheaply and then take the market away from the price fixers. Like most responsible American corporations, our con-

stant objective is to be that 'somebody.' It has been our experience that a clique which has run into the dead-end street of trying to save its business by maintaining unnatural prices is the easiest kind of competition."

This excerpt makes it fairly clear that the monopoly of virtue asserted by some anti-trust orators is no monopoly at all. Business realizes full well the value of competition, and believes in it.

I come now to the portion of the Standard Oil statement which bears most directly upon overseas operations: "We are for business dealings with people in foreign countries. The American has traditionally roamed the face of the earth—bringing back new things to make life better and happier for our citizens. . . . The responsibility for such planning seems to us to lie with representatives of our Government working together with the representatives of Governments of other nations. If that is a 'cartel,' then we are for that kind of cartel."

It has been suggested by critics that business is trying to assert for itself the right of making international agreements, without any supervision, or without any oversight on the part of the governments. The Standard Oil Company has learned, as any company will learn, that there is no such thing as prosperity when you are in conflict with your government; and that a proper degree of supervision over this kind of agreement must be exerted in the best interests of business itself.

I continue with the Standard Oil statement: "Of course when American business men do business in other countries, they must do business the way that country does it. They must obey the laws of the land. No matter how much he may prefer the way we do business in this country, no American business man can hope to change the political structure of a foreign

country just to suit his convenience. For example, our Government in 1932 urged American companies to secure rights to produce oil in the Near East. We attempted to acquire interests in Iran. After six years of arduous negotiation, we entered into an agreement which limited to a certain percentage our share of the oil to be produced and restricted our producing activities throughout the whole area. In the United States, such a contract would probably violate the Sherman Anti-Trust Act. But the point is that if the United States was able to get any of the oil in Iran, American companies had to abide by the conditions imposed by international competition."

Here is a precise historical instance where an agreement was made at the suggestion of the State Department, an agreement, moreover, which, under prevailing judicial anti-trust opinion, might conceivably be regarded as in violation of the anti-trust laws.

I quote again from the Standard Oil statement: "We are against secret agreements. We think that secret agreements are bad business policy—and that in our American democracy there is a fundamental reason for this position."

Among some critics we find the reiterated suggestion that secrecy is an essential characteristic of international trade agreements. In my own wide experience I cannot recall any first rate company making any important agreement which did not make those agreements public to their stockholders, furnish copies to the State Department, and even send copies to the Department of Justice.

The changed attitude of the Supreme Court is extremely interesting on patent agreements. As late as 1939, in a report published by the Temporary National Economic Committee, the Committee spoke of the necessity of having new legislation in order to outlaw a number of agreements which rested

on patent law decisions of the Supreme Court. But the Supreme Court beat Congress to it. The Supreme Court, which is the court of last resort in the final interpretation of the meaning of the anti-trust laws and patent laws, has held in decisions during the last two years that a number of patent agreements lawful under their decisions prior to 1938 are now unlawful.

I am in no way criticising the Supreme Court of the United States.

All I ask is that when critics make a statement on this subject, they at least indicate that the succession of victories which the Department of Justice officials have had in court, and about which they make such a proud boast, results entirely from the changed view of the Supreme Court since 1938.

This statement of the Standard Oil Company, which I have read, attracted so much attention, particularly on the part of Vice President Wallace, that at his suggestion and the suggestion of the anti-trust officials of the Department of Justice, the president of the Standard Oil Company of New Jersey, went down and had a conference with them. This conference was followed by another statement from the company which also has received only cursory mention in the press. I will read from this simply to show that, far from being unpatriotic, and far from having any disposition to violate the law, the attitude of the American business man is to find out what the law is, and try to keep within it if he possibly can, and also to keep up with what the Supreme Court says it is when the Supreme Court changes its mind.

This is the Standard Oil Company's statement: "At the meeting, Mr. Gallagher (President of the Standard Oil Company of New Jersey) informed the Vice President and Mr. Berge (Assistant Attorney General in charge of anti-trust

prosecutions) first, That there should be no international agreements to hold prices above sound competitive levels, and that international agreements of a secret nature should be prohibited unless major conditions such as war require secrecy; but that, even then, all international agreements made by private parties should be filed with the appropriate departments of the Federal Government, and second, That so far as their own company was concerned, they would favor an industrial policy of unrestricted licensing of patents and reasonable royalties."

I do not know of anything that constitutes a more emphatic refutation of the critics than this statement of the Standard Oil Company of New Jersey. Nevertheless I have seen no magazine give any space to it and I have seen no newspaper discussion of it.

To my inquiries about the Supreme Court's recent patent decisions I get the impression that large companies feel that they can live under these decisions, and that it is the smaller companies who feel that they need the protection of the patent laws, which is fast diminishing under successive decisions of the Supreme Court. The situation is absolutely the reverse of everything the critics say it is. The fact is that it is the little business man who fears that he cannot live, or at least he appears to think he cannot live, under the diminished patent protection which the big companies are willing to live under.

I shall conclude with some additional excerpts from the statement made by the Standard Oil Company of New Jersey after the conference with Vice President Wallace and the anti-trust officials: "Cartels which limit production, fix prices, divide territory, and limit technological development are against public policy and are inconsistent with our principles

of free enterprise." In addition the company says that with regard to their own patents on butyl rubber, they are willing to make those patents available, free of royalty, to all those who are interested, until after the war, and at reasonable royalty thereafter. The statement concludes as follows: "Production should be increased, rather than restricted, except when Government control is necessary to meet an emergency condition or to avoid the waste of a natural resource. A great resurgence of international trade should be made possible in the postwar years by constructive Governmental agreements among nations which will increase, plan, and foster, the exchange of products without waste for the benefit of all peoples."

This, then, is the answer of business to statements in various periodicals and in certain of these Conference addresses which in my opinion completely misrepresent the real attitude of business on the subject of patent and trade agreements.

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THE MEDICAL PROFESSION IN POSTWAR SOCIETY

Dr. Morris Fishbein: *The Future of Medical Practice*

I

Before embarking on some predictions as to what is to happen to the medical profession in the postwar period, I believe it desirable to provide some slight understanding of the gradual evolution that has occurred at least during the past thirty years in which I have been intimately associated with medicine. Only on a basis of an understanding of what has occurred in the past does it become possible to predict, to some extent, the future.

About 1900 there were in the United States approximately 120,000 doctors and about 1,000 hospitals. Today there are 186,000 doctors in the United States licensed to practise medicine of whom, at the time that war began, about 152,000 were active in the practice of medicine. About 60,000 of these are at present engaged, in one capacity or another, with the armed forces and with various agencies concerned with the war. Including some of the older doctors who have come back into active practice because of the war emergency, there thus remain at this time in the United States about enough doctors to supply civilians at the ratio of one doctor for every 1,500 people.

Because so many doctors have gone to war, the distribution of doctors has become a much more serious problem, particularly in relation to the adequacy of distribution in any given area, than it was previously. At one time there were in various parts of the United States such distributions as one doctor to 500 people in some areas and one doctor to 4,000 people in other areas. I would say that today in the United States there

are in some areas one doctor for 800 people and in one or two areas of which I know one doctor for 6,000 people.

This, however, is a result of the war effort, and must be taken into account in relation to what has currently occurred in other belligerent countries. In Great Britain at present there is about one doctor to every 3,000 people for the civilian population. According to figures which I have received within the past two weeks and which I know are authentic, there are many sections in Germany today where there is one doctor for 14,000 people. The demands of the German armed forces have been such as completely to strip certain areas of the country of practically all but a single physician associated with some large industry. Germany has endeavored to compensate for this situation by removing doctors en masse, in groups of 300 to 1,000 at a time, from some of the occupied nations to the interior of the Reich.

However, the distribution of doctors under every system of medical practice of which I have any knowledge is never completely adequate, when a nation is as varied in its structure and in its distribution of population generally as is our own nation. For that very reason comparisons between the conditions that prevail today in the United States, and those that prevail in other nations, some of them smaller, as for instance Sweden, some of them certainly almost as large, as for example Russia, are exceedingly difficult to make. The data on which the comparisons are based are not in themselves either adequate or of a type that permits comparison.

Regarding hospitals, we have in the United States at present close to 7,000 of them. If we count just the hospitals that are qualified we have about 6,700 hospitals; but if we drop down to hospitals of 100 beds or more obviously the number becomes greatly limited. I make the statement about dropping down to

hospitals of 100 beds or over because there are many people who believe, today, that it is simply impossible for a hospital to function adequately in relation to modern medical service with anything less than 100 beds. Modern methods of transportation and modern methods of handling the sick might make it possible in a perfectly organized nation to have only hospitals of 100 beds or more, and to have them so distributed that they would serve adequately the entire population. But we have been undergoing a constant evolution in this matter of hospitals. We have hospitals in the United States of every size, perhaps from 5 beds upward to the largest hospital in the country, which has about 3,600 beds. Hence the picture of hospital construction and distribution is certainly as varied as that of the distribution of doctors.

When we study the distribution of specialists in medical practice we find again that it requires a population of a certain size to support a certain number of specialists or specialists of certain capacities. That fact is of the utmost importance; because when I say "support" I do not refer exclusively to the income that would be earned by the specialist. What I refer to is the amount of work that it is necessary for a specialist constantly to perform in order that he may remain a competent specialist.

It would, for instance, not be possible to put a first-class surgeon out in certain rural or frontier areas of the United States and have him remain a first-class surgeon very long. In the total population that he could serve he would not find enough people requiring surgical attention over a given period of time to make it possible for him to do as many as one or two surgical operations per week. In contrast, there are competent surgeons in the United States who regularly, day after day, perform anywhere from six to fourteen surgical operations.

Obviously the more work a man does in that particular field and the more varied the work that he does, the more competent does he tend to become. And if he does not tend to become more competent, he is promptly eliminated from that type of work by the present system of organization of medical practice.

II

Now it is generally agreed that people in the United States have considerable difficulty meeting the costs of modern medical service. One reason for this, as I am accustomed to point out again and again, is that modern medicine costs much more than medicine used to cost fifty years ago. It costs more because modern medicine requires a vast number of accessory services in addition to those of the first physician who happens to make the diagnosis or who attempts to make the diagnosis. Modern medicine requires the services of laboratories, of hospitals, of technicians, and of a great variety of correlated and accessory medical services.

One answer to this has been the development in the United States of various forms of group medical practice. By this term I mean groups of physicians, not groups of patients. These groups of physicians have come into being to bring together those practising a variety of specialties and to utilize a variety of laboratory and technical services. By this means they have divided and reduced the costs of the increased technical medical services to which I have referred with consequent benefits for themselves and their patients.

It was out of this desire to reduce costs that there have arisen such forms of group medical practice as the Mayo Clinic, the Crile Clinic, the Lahey Clinic, and many similar group-medical-practice units. And in thus calling attention to these examples of group medical practice, I would like also to

point out that in no other nation in the world has there been any similar development or on any such scale as in the United States. On two visits which I made to Great Britain, I looked into any similar attempts at such group practice in that country. In the vast majority of instances such attempts in Great Britain have been without much success.

At present, as we all know, the British people are being confronted with an attempt completely to reorganize medical practice in the form of what is essentially a state system of medical practice. Under this system the British look forward to a considerable growth of group-medical-practice units, the units being made up of physicians who practise together.

The other meaning of the term "group medical practice" refers to a group of patients organized in such a way that they will distribute the cost of medical service among themselves. This type of group is associated with prepayment plans for meeting the cost of medical service. When we analyze the various techniques for prepayment to meet the cost of medical service, we find a wide variety of forms. These techniques have developed very rapidly in the United States.

I shall identify a few forms briefly. We have, first of all, the so-called Blue Cross hospitalization plans. These have now been before the public for a considerable period of time, the largest single development having taken place in New York City. It is generally estimated that at the present time there are in the United States about fifteen million people who are covered as to the costs of hospitalization by group prepayment plans to meet hospital costs. In most instances, these group prepayment plans provide also for meeting certain definite laboratory costs, such as the cost of X rays, and the cost of clinical, pathological, or laboratory services, which means the examinations of tissues and secretions and blood and other

material taken from the human body. They also usually cover the cost of anesthesia, the use of the operating room, and such similar services.

The hospitalization plans developed under the Blue Cross constitute only a part of all the total hospitalization insurance that has been written in the United States. There are also hospitalization plans that have been established by industries for their own employees—so called "self-insured" programs. There are also hospitalization plans carried by the large insurance companies of the type of the Equitable, the Metropolitan, the Prudential, the Travellers, the Aetna, and similar concerns. These also insure a tremendous number of people. Hence, on the basis of a survey which was just completed last week, it is safe to say that at the present time there are about thirty million people in the United States covered by hospital prepayment plans, including the Blue Cross plans and the private hospitalization plans.

During the past week I have been able to get together the figures on prepayment health-insurance plans from the large insurance companies which they have never previously made public to any one. One such company, the Equitable Life Insurance Company, at the present time insures 2,470 industries, with a total of 1,650,000 employees and families covered. Another company, the Metropolitan Life Insurance Company, insures 2,300 industries, with a total of 1,500,000 people covered. These and other concerns are now providing medical and hospitalization coverage through this system of private insurance for about 18,000,000 workers and members of their families. Those figures, I say again, are here made public for the first time.

These policies vary of course in the extent to which the people are insured. Some of them do not provide anything at

all against meeting the cost of medical care. Some of them cover only surgical care; and the amount of money made available to meet the cost of a surgical operation may vary from $100 to as high as $400. There are other policies which provide a disability fee of so much per week to the worker, out of which he can pay his medical care, provided his disability arises out of an illness and not from a surgical operation. The sums made available for this purpose vary from $10 per week to as high as $35 per week in the case of group policies covering large numbers of employees. The average cost of complete service varies from $1.25 to $6.85 per month per employee, depending upon the payments for disability.

It is evident, therefore, that there is intense interest in plans for prepayment against the cost of medical care and that a great number of people are now involved in prepayment groups. We have at present more than 68 million people in this country who carry life insurance. There is no reason to believe that the same number of people will not also carry sickness, surgical-catastrophe, or hospitalization insurance as techniques are developed which are actuarially sound and which provide good medical service. In short, out of all this experimentation with different plans, we will eventually evolve, for the vast majority of the American people, something that is distinctly suited to the American way of life.

In addition to the industrial insurance plans there are also various governmental attempts to meet the medical-care problem. One such is the Farm Security Administration plan. That plan has been developed by the Federal Government in cooperation with individual county medical societies; and it is reported that about 105,000 farm families in the United States are now covered by the Farm Security Administration's plan. Under the Social Security Act, the Federal Government is also

encouraging various aspects of preventive medicine by grants-in-aid to the individual States. A significant plan developed under these auspices is the emergency maternal and infant care plan, under the auspices of the Children's Bureau in the Department of Labor.

Hence, in collaboration with various public and private agencies, the medical profession over a period of about thirty years has taken part in changing gradually the nature of the administration of medical service in the United States. That change has represented a shift from a system in which practically all of the service represented an interchange between patient and physician on a fee-for-service basis to a wide variety of systems. These include services by salaried doctors organized in groups paid for on a fee-for-service basis, insurance prepayment plans in which the insurance company pays the patient cash so that he can pay the doctor, and a wide variety of other schemes.

All these developments ought to be borne in mind because charges are constantly made against the medical profession that it has been hostile to these very changes: that it has opposed every change that has been proposed. The answer of the medical profession to this charge is simply this: not one of these plans prevails today in the form in which it was first proposed. The medical profession has studied them and experimented with them, and has brought about the necessary improvements and controls to assure their efficiency and to guarantee the interests of the public. Thus gradually they have come to be tested plans which could be offered for adoption on a large scale.

The so-called Blue Cross Hospitalization plan, for example, varies greatly today from the original Blue Cross plan. I know of several such plans which, at various times, were on the verge

of bankruptcy, because of the failure of those who designed the plan to recognize certain catastrophic situations which were likely to develop.

The medical profession has constantly sought to maintain the quality of the service as an essential part of any good medical-service plan. Where any single branch of medicine is exploited to provide cheap medical service or where the quality of the service must be adjusted to meet a fixed price which some one has set up, the leaders of the profession have properly pointed out the danger that the service would not be adequate to the needs of the patient, but would rather be a service adjusted to meet the price. The fact is that there have been innumerable instances in which patients under one or another type of group plan have received an extremely low grade of medical service—one quite inadequate to their needs. I do not say that such a service should compare with the kind of service that could be given to a person who was financially able to pay for anything that he cared to buy. But group service of any kind ought to measure up to the average of service in the community in which that particular system prevails; and that is what the profession has demanded.

I wish to reiterate that I have no objection to group medical plans of any type provided they have good standards, are properly administered, and give adequate medical service. It should be made clear, however, that there is no single pattern and that such groups can only be made efficient through experience and observation. It should also be made clear that it is utterly impossible to require American physicians to join in groups organized outside the medical profession and to work for salaries in such groups. Our physicians just will not do that. No one can make a physician practise who does not want to practise. His, after all, is a profession. You cannot say

to him, "Come in and diagnose pneumonia." He will diagnose pneumonia, or not, depending on what he finds. He will do what he thinks best. If the patient does not have confidence in him, all that can be done is to get another physician. No one is going to tell our 150,000 physicians just how they shall practise medicine.

III

Now in the postwar planning that is going on here in the United States, the medical profession is confronted with certain situations of which the general public is unaware or which it does not understand. In the first place we have at least 50,000 physicians in the armed services who will one day be demobilized. These physicians in the armed forces, who will one day be coming back, are now being circularized with a questionnaire by a joint committee on postwar planning representing the American Medical Association, the College of Surgeons, the College of Physicians, the Association of Medical Colleges, The Federation of State Licensing Boards, and similar groups. On the questionnaire, these physicians are being given an opportunity to indicate just what they would like to do when they come home from the war. They are being asked if they want to go back to the community from which they originally came or if they wish to take graduate work so as to fit themselves for some specialty.

They are also being asked if they wish to engage in industrial medical practice in some large industry, because the profession foresees a real opportunity for them in this field. There is reason to believe that at the time we entered the war, there were in the United States not more than about 500 qualified industrial physicians. Today there are about 1,500 qualified industrial physicians in the United States, meaning physicians who have qualified themselves particularly to serve large in-

dustries. Within the next ten years there is reason to believe we may need 8,000 additional qualified industrial physicians. We shall need to establish the institutions to train them and develop techniques for utilizing their services to best advantage in industry.

About 20,000 of the physicians now in the armed forces are young men who have never had anything but an internship or an abbreviated residency in a hospital. Those men are not now qualified to enter medical practice in the United States in any form. They are qualified to give military service in the particular military specialty to which they are confined. Fellowships and assistantships and additional internship and residency will have to be provided for these young men when they do come out of the armed forces, so that they may more fully develop themselves to meet the high level of medical service that has come to prevail in this country.

In our planning for postwar medicine we at least have the assurance that the general health of the country and the general life expectancy are being constantly pushed to higher levels. In 1890 life expectancy at birth was between forty and forty-five years. The very latest figures, coming from our largest insurance company, indicate that life expectancy at birth in the United States today is 64.82 years. That figure, it will be recognized, is very close to the three-score years and ten which is the traditional biological life span of man. It would certainly indicate that medicine has done well and that its performance has been commendable. Nevertheless, we all recognize that its benefits must be extended to areas not adequately covered now and that we must constantly expand its opportunities for serving the public.

The war has given us new remedies and techniques which, when applied, can perhaps eliminate entirely certain diseases

that now prevail among the population. The discovery of penicillin and the use of the sulfa drugs in relation to the various venereal diseases, together with other facts now available, make it possible to predict the complete elimination of venereal disease in the United States within 25 years. This indeed is a conservative prediction provided suitable organization and funds and necessary services can be made available. In the case of pneumonia, death rates have dropped from as high as thirty per cent in recent years to as low as three per cent. It is quite possible that we shall see more and more death-dealing diseases like pneumonia completely eliminated or made relatively harmless. These hopes, of course, depend upon the extent to which the people will be willing to meet the costs of a highly qualified medical service, and on the techniques by which they propose to meet these costs.

I have foregone entirely any mention of the so-called Wagner-Murray-Dingell bill because it is my personal impression that this bill is today about as "dead as a dodo." By that statement I mean that I do not believe that either the Senate or the House of Representatives is at all interested in this bill. At the same time, the situation regarding cost of adequate medical service, which the Wagner-Murray-Dingell bill proposes to meet, continues to command attention. Eventually the American people are going to have to determine whether as a part of their social security system they wish to have all of their medical care administered under a federal bureaucracy or continue gradual evolution in the distribution of a high quality of medical service under the present system.

There are many arguments that can be advanced, and have been advanced, on both sides of this matter. As far as I am concerned, I have yet to be convinced that it is for the good of the American people, for the good of the American demo-

cracy, or for the benefit and advancement of medical science to delegate to any single federal agency control over the health of the people to the extent that would involve complete control over the relationship of the individual physician to his patient.

Dr. Kingsley Roberts: *Group Medical Practice*

In Chicago recently I saw something which, five years ago, I would not have believed possible. I saw representatives of the National Farmers Union, the Farm Bureau Federation, and the National Grange, three of the largest farm agencies working along both progressive and reactionary lines, sitting at the same table to discuss rural health-care problems. These three organizations managed to do it objectively and without any sniping. So pressing and universal is the problem of medical care that even the traditional animosity usually displayed toward each other by leaders of these three organizations was buried when a solution had to be found for the best method of distributing medical care to their members.

I should like to see the same thing happen between the reactionary groups in organized medicine and those physicians and economists who do not share the same views. I sincerely believe that in the matter of national health the time for acrimony between disagreeing factions has passed, that the Hatfield and McCoy attitude should be laid away, and that some common ground for discussion and action should be reached.

I

I have been asked to discuss group and socialized medicine versus competitive medical practice in the future of American medicine. Let me say here that I understand perfectly what is meant by "group medicine." As for "socialized medicine," I have never liked the phrase because it is too difficult to define. The only suitable dictionary definition of the word "socialized" is to "adapt to social needs and uses." There is no question that the economy of medicine must be adapted to present social needs, when, according to the National

Health Survey of 1938, ninety per cent of our population cannot, under prevailing systems, pay for its own medical and surgical hospital care. Ordinarily, however, the expression "socialized medicine" does not mean anything of the sort. It suggests always a political format, different from our own, and consequently creates unnecessary and unsound prejudices. For these reasons I prefer not to use it. Hence I am not discussing "socialized medicine" but rather the collected purchase and group distribution of the commodity we call "medicinal care."

I am interested in any method of distribution that will bring more and better health service and medical care to more people, on sound professional and economic bases. Thus far, both in practice and theory, I have found no sounder method of distribution, economically or professionally, than the following three-point program: (1) distribution through health-service centers; (2) distribution by group medical units; and (3) both systems of distribution featured by prepayment plans. If that is what is meant by "socialized medicine" that is all right with me, but I still do not like the term.

Now what is a group medical unit? I think I can answer that best by first indicating what it is not. There have been, and probably still are, so-called groups that "chisel," that practise bad medicine, and that ought to be wiped out. They consist of two or more doctors in adjoining or adjacent offices, who pass patients from office to office, increasing the expense to the patient at every move, and saddling him with large bills for unnecessary clinical investigations and consultations. These men are "quacks" who practise unethically as groups, just as they would practise unethically as individuals. The unfortunate part of the whole business is the fact that this unprincipled and ruthless type of exploitation of the public

has been called by some "group medical practice." That is *not* group practice, and these are *not* group medical units.

James E. Moore, Assistant Director of the Evanston Hospital in Evanston, Illinois, defines a true group as follows: "It is generally understood that group practice consists of a number of physicians and dentists, who combine their professional services, skills and financial resources, to practise the prevention and treatment of disease. These practitioners use common offices, facilities and professional equipment. They employ, in common, subsidiary personnel for administrative and clinical purposes."

If we take that definition apart and consider each aspect of this type of practice, we shall have to revise some of our ideas on certain overemphasized aspects of traditional medical practice. In the first place, we deflate the idea that there is something sacred about the individual physician; that any other method of practice *but* individual practice is regimentation. Coordinated or group medical practice means merely that men are working together, of their own free will, to gain the advantages of each other's experience and to use it for the benefit of the patient. In the armed forces, physicians are working together and maintaining as high a level of professional medicine as has ever been seen. Our small mortality rate in attended cases is proof of that. Many of these men, working together, are thinking of applying their technique to civilian medical practice after the war. They know that it is successful and economical from the standpoint of time and energy; and I doubt that they will be satisfied to go back to the little "black-bag" days when the war is over.

I also believe that one of the reasons private practitioners find so much to criticize in group-practice units is the fact that they recognize in them strong and highly successful com-

petitors. I once organized and practised with a group in New York City, and it was my experience that patients, treated by a group, seldom want to return to individual physicians.

Next, under our definition of group practice, we must reconsider the idea that hospitals should not be allowed to practise medicine. That idea is a myth because essentially hospitals do practise all the time. Hospitals, as a matter of fact, should be reorganized just for that purpose. Instead of being hospitals, they should become health-service centers with facilities open to all physicians who are willing to maintain high quality, and equipped to serve all patients in a stipulated vicinity. The hospital is the logical workshop for the well-trained physician. It is the logical source of high quality medical care for the people of any community, because nowhere else can there be found equally adequate equipment, a complete subsidiary staff, and contiguity of specialists. It might indeed be pointed out that every staff doctor in every voluntary and in some tax-maintained hospitals in this country is actually practising group medicine according to the definition of that term which I have taken from Mr. Moore.

Nor is it difficult to answer the criticism that group medicine does not maintain a high level of professional procedure. Working individually, a physician may, according to the old "wheeze," send all his mistakes to the graveyard. Working in a group, on the other hand, a physician cannot bury his mistakes from the knowledge of other doctors; he can bury them only from the knowledge of his patients. Hence—and this is a point I should like to insist upon—group medical practice actually maintains practice on a higher professional level than individual practice.

Entirely too much emphasis has been laid on the idea of the physician-patient relationship, of how important it is for

Mrs. Smith to believe in the personal interest of Dr. Jones. Actually the business of finances can do more to shatter that confidence than anything else in the world. Just let Mrs. Smith feel that she is being overcharged and see how quickly she will find fault with Dr. Jones's treatment, diagnosis, and the furniture in his waiting room. By the same token, if Mrs. Smith does not pay her bill for three or four or five months, see how quickly Dr. Jones's bedside manner changes into a collector's item. The financial business always breaks through the lovely heart-to-heart relationship of physician and patient in one way or another. That is why the most efficient group-medicine units maintain an impersonal relationship about the financial aspects of medical practice. They employ an administrator who sets and collects the fees, thus in effect rendering unto Caesar what is Caesar's and unto Hippocrates, his oath.

As far as this matter of patient-physician confidence is concerned, the fact is that the confidence formerly put into one physician can be, and is, transferred to the group through an individual in that group, whenever, as a result of the treatment, the patient understands how thoroughly and how well the job can be done.

Thus far, following our definition of group medicine, we have discussed how physicians may combine their professional services, skills, and financial resources and employ common office facilities and subsidiary personnel. None of this need necessarily take place in a hospital or a health-service center, desirable as that may be; it can also be done, and is being done successfully, by private group-medical-practice units.

We come now to the strongest but least sensible of all the professional antipathies to group practice; *i.e.*, the idea that a salaried physician in a group is inferior to the physician working on a truly competitive basis. Years ago perhaps that

was true. The less able men were anxious to take salaried jobs with companies that did not concern themselves with the quality of medical care handed out to their employees, but were interested in employing a doctor primarily as a buffer for compensation cases, and only secondarily to obtain some medical care where no facilities existed. Occasionally in these cases there were doctors who were influenced almost entirely by the employers and who realized that their jobs depended on their turning in low accident and industrial-disease records. If a man in a coal mine was hit on the head by falling coal, it was the company doctor's job to declare him "drunk"; and since that doctor had been paid in the first place by a check-off on the miner's pay, the whole system had a stench which offended many nostrils in and out of the profession.

At the present time, however, industrial medicine has become a cleaner thing. It has become an extremely important thing. Industrial companies have come to realize, either under pressure of war production or under pressure from long battles with trade unions, that good medical care is essential and that preventive medicine is a very large part of good medical care.

Industrial physicians, because they are salaried men, are one group of doctors who are honestly able to put into effect real preventive-medicine measures. They can do so because they need not depend upon the illness of a patient for their income. As a matter of fact, for them a sick person is a liability, not an asset, since a well person need not be treated at company expense and well persons mean more time and less work for the medical men concerned.

There is, in my opinion, no other way for a physician to practise preventive medicine than through some sort of sala-

ried arrangement that will take care of his personal obligations. Nor is there any quicker method of raising the standard of national health than through a planned, rational health-conservation and preventive medical program. Since all physicians cannot become salaried members of such a program, the closest approach to it is through group medical units, supported by prepayment medical-care plans.

II

Any system of medical care that comes to life only in the face of illness is outmoded. The statements I am about to make may sound very pat; but they are clichés which I have been forced to develop in order to say what I want to say briefly and completely. A good system of medical care must begin at the preventive level in order to reduce the incidence and severity of disease, and thereby increase the efficiency of each unit of the doctor's time and energy. Only by this means can medical care of high quality be distributed at a cost commensurate with the patient's ability to pay; and prepayment is the most practical way of financing this type of plan.

Because of the success of prepayment plans, the average man is more receptive to the idea now than he ever has been before. He has found himself paying more than ten per cent of his income for one bout of catastrophic illness. He has found himself unable to budget for medical care, not because he is in a low-income group, but because he is in the middle-income group which is not entitled to free service of any kind. He is willing to budget for his medical, surgical, and hospital care through a prepayment plan not only because he realizes it is a sound economic structure, but because he cannot budget for it in any other way.

Medical societies have themselves recognized this fact, and are experimenting with prepayment plans. This is an excellent thing in itself; but, further than that, it makes me feel still more certain that there are common grounds for action and discussion amongst all factions. The public respects the authority of a medical society and in many instances will subscribe to the prepayment plan for no other reason than that it is so sponsored. Yet, numerically, medical societies sponsoring prepayment plans have been, for the most part, relatively unsuccessful. The reasons for that are apparent to students of the subject. In the first place, the coverage is too limited, confined, as it is, to in-hospital, catastrophic illnesses. That is not sufficient to meet the present and future medical needs of the public. Even comprehensive medical care alone is not sufficient. There must be complete care: preventive, medical, surgical, and hospitalization care must be made available on a basis that will be operable equally for the physician and the patient.

Another possible reason for the failure of many of these plans is the fact that they have been too expensive for the benefits offered. That is not because they could not be operated more economically, but because, for the most part, physicians have insisted upon maintaining high-income floors for their services.

Still another factor which must be considered is that medical societies have been persistent in maintaining low-income limitations, a fact that has excluded from eligibility thousands of persons earning from $50 to $75 a week. This is economically unsound. Those persons are just as much in need of prepaid medical and hospital-care plans as a person earning only $20 to $40 a week. By excluding the very large middle-income group, the plan cuts its volume of subscribers too low

to make it financially successful or actuarially sound. In some cases the fact that the plans have been completely doctor-controlled has been a deterring factor in their ultimate success. The public likes to have some word to say in the administration of a plan which its money is supporting and it should have that word.

It is only recently, in the face of a threat of a federal health bill, that organized medicine has been willing to embrace the idea of a wide-scale prepayment medical-care plan, which previously it opposed. The same attitude of opposition was present in the early days of the Blue Cross hospitalization plans. As they spread across the country there was a noisome howl from agonized medicine. But, because of public acceptance, Blue Cross plans had to be accepted by the medical profession as well.

Nor should we forget that the Blue Cross plans were started, not because of any sincere consideration for the needs of the sick but because they came into being as a direct result of the depression. It is undoubtedly a fact that had it not been for the increased hospitalization, on a semiprivate level, made possible by the lowered cost through the prepayment method, many of the voluntary hospitals over the country would have been in a serious financial condition.

Conservative medical men—conservative only in the economic sense and not necessarily in their professional techniques—move forward largely by what they are forced to accept and rarely by what they are willing to initiate. An example of how that actually happens is illustrated quite well by the announcement that the Mayor of New York made in his weekly broadcast Sunday, April 23 (1944). He said that he is now ready to announce a medical prepayment plan to the residents of New York City. As a matter of fact, organized

medicine in Greater New York has spent years considering this problem, but to date has failed to present a program of its own even though it knew of the existence of the fifteen-man committee which the Mayor had appointed. Hence if the medical societies protest now that the plan is no solution for the main problem, they may ask themselves: where were they and what were they doing in the face of the mounting public demand which forced the Mayor into taking the initiative?

My point in bringing up this whole issue is to substantiate the statement that organized medicine does not move—it must be pushed. Only now is the National Physicians Committee willing to admit that the cost of medical care is too high. Only now does it support the idea of prepayment, although it again limits itself in its acceptance of those ideas and confines itself to two possibilities: physician-sponsored medical and surgical benefit plans, and employer-employee cooperation in purchasing cash-indemnity insurance from established insurance companies. Neither of these ideas will go one step forward in solving the problem of the distribution of high quality medical care. I have already outlined briefly the facts about the failure of almost all medical-society-sponsored plans and the reason therefor. As for the cash-indemnity plan, that certainly does nothing to bring physicians where they are needed, nor does it assure the patient of the quality of medical care he is to receive.

As I see it, not only the attitude of organized medicine but the actual medical-care-distribution facilities will change. Whether that will come from an initial action on the part of organized medicine or through governmental health measures is something nobody is prepared to predict; but that the public will back any sound measure in that direction will not be disputed. By this time a great portion of the public has been

educated to the need for more and better medical care. An even greater portion of the public still needs to be educated to the value of good medical care. That is why I think that the hospitals of the country will themselves have to undergo a change. They will have to become these health-service centers, so organized that they can accommodate every licensed physician in the area, willing to maintain high standards, in addition to maintaining a salaried staff. Extended ambulance services will have to be provided so that the ill can be brought directly to the diagnostic equipment and the physicians' time will not have to be spent in a scurry of traffic from one patient to another. By that means the quality of medical care can be maintained at a high level because of the efficiency of the subsidiary personnel connected with the organization.

III

As for the rural health problem, there was agreement amongst all factions concerned at the Rural Health Conference at Chicago which I mentioned earlier. It was agreed that health-service centers, staffed by groups of physicians practising on a high professional level, centers and physicians both supported through a prepayment plan, would be the only feasible way to give distribution of care to the suburban and rural areas of the country. Without some such program, rural practice will continue to be an unattractive thing to the average physician. Why should a man go into the country and satisfy himself with a low income to practise without adequate facilities and assistance? There you have something even more insidious than the early salaried-physician myth. Rural practice can be the happy hunting ground for the unsuccessful city physician; which does not in any measure help the people living in those rural sections.

This country has reached a point where all medical care for the entire population must be planned. If organized medicine does not want to see that planning and administration come from the government, it had better hustle into a clear appraisal of the facts as they are and develop some honest plans for the many problems that confront it. If medical-society-sponsored prepayment plans are to be effective, they must be organized and administered on a sound economic and professional basis, with consideration of the patient as well as of the physician as the broad base of their structure.

If physicians agree that the large industrial employer can, with the help of his employees, initiate such plans, organized medicine must be prepared to assist that employer instead of "bucking" him. It must urge physicians to participate in such plans, instead of making it tough for them to do so. It is a sad commentary on organized medicine to have to say that Henry Kaiser's successful Permanente Foundations on the West Coast are successful in spite of, and not because of, the California Medical Society.

If organized medicine feels that there is a real rural health problem that it can help to solve, it must be prepared to take an active part in the organization and administration of a plan that will make it practicable and attractive for the physician to confine himself and his practice to the country. It must make available to rural physicians, through forums, conferences, and organized programs, the advantages of urban educational facilities.

It would seem that the handwriting on the wall indicates that the solution of the problem of medical care to the low-income groups and rural communities lies in the development of health-service centers, staffed by salaried physicians and ancillary personnel and geared to broadcast positive programs

of health, thereby lessening the incidence and severity of disease in the community, and providing methods for the treatment of illness when it unavoidably occurs. That these plans can best be financed by some sort of prepayment seems to be admitted. That somewhere along the economic scale employer contributions and tax-raised funds will be necessary is understood. The main problem before us lies in the establishment of methods whereby the medical profession and the consumers of their services can work out, amicably, administrative patterns that will be satisfactory to all concerned.

I say "patterns," because it is obvious that regional difficulties, educational levels, occupational hazards, in short, all of the gradations of general economic conditions, will call for different solutions under different circumstances. It is my earnest hope that the intelligent members of the medical profession will come forward with a cooperative spirit, rather than continue to sit back and thus retard all attempts to solve these problems.

As I said in the beginning, the Hatfield and McCoy attitude is no longer any good. What is necessary now is for all of us to come together on the points on which we can agree to help solve a problem which concerns us all.

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POSTWAR OVERSEAS TRANSPORTATION

Walter P. Hedden: *Prospects for Air and Sea Commerce and Port Facilities*

Transportation exerts a profound influence upon the lives and livelihood of all of us. Nowhere is its importance greater than where it spans the oceans. In the prewar era of the ocean superliner we could leave New York and arrive in Europe in four or five days. Just two days ago, a transoceanic airplane, piloted by one of the captains of a local overseas airline, arrived in New York from Ireland in less than sixteen hours. The world is shrinking. Our air enthusiasts point out that we will be rubbing elbows with neighbors all over the globe. The technical improvements in transportation will make possible world travel and interchange of goods on a scale we have never known before.

At the same time we are going to be shaken out of a certain comfortable remoteness, a remoteness from other peoples' troubles and other peoples' competition. We can try to put up man-made barriers against these new inventions, but if we act rationally we shall probably put ourselves in a position to take advantage of them. New channels of transportation have sometimes quickened the lives of communities; in other cases they have stultified communities and by-passed them. It is a time for taking stock of our prospects and our potentialities.

In this discussion I am going to pose four questions and try to answer them. These are the questions: (1) What are the prospects for postwar foreign trade and travel between the United States and the rest of the world in the immediate postwar years? (2) How will this trade and travel divide between ocean carriers and air carriers? (3) How adequate are the port

and terminal facilities for accommodating ocean carriers and air transports, and what can we do to remedy any deficiencies? (4) What is the future of the Port of New York?

I

Let us consider first the postwar volume of foreign trade and travel. Exchange of commodities with other nations is a matter of economics and governmental policy, and both of them are hard to forecast. In the peak year of 1929, the United States exported over five billion dollars worth of goods to the rest of the world, and imported over four billion dollars worth. That was in 1929. By 1932 the foreign trade of the country had been chopped down to less than one third of the 1929 peak. Currently, in 1944, we are sending a tremendous quantity of goods overseas, more than we did in 1929. Our current exports, most of them lend-lease, and our imports, even under prevailing restricted transport conditions, exceed the 1929 peak by about fifty per cent. In other words our current volume is running close to thirteen and one-half billion dollars.

With such a record of international trade fluctuations in the past fifteen years, any guess as to the postwar volume of international trade is hazardous. It is well to realize, perhaps, that foreign trade flourishes only when the countries at both ends of the trade are prosperous, or at least when the exporting country has the faith and the willingness to allow the other fellow to get on his feet when he is down. The foreigner cannot accumulate American dollars to purchase our exports unless we are willing to permit his domestic products from the mine, the field, the factory, and even his transport service, to be sold to us.

Some of the more painstaking estimates of postwar export trade, made by our own United States Department of Com-

merce and by others, indicate a possible level of seven billion dollars by 1948, a substantial increase over 1929, and more than four times the level of the depression years of 1932 and 1933. But to sell seven billion dollars worth of goods abroad we must first permit the importation of at least five billion dollars worth of foreign goods. To bridge the remaining two-billion-dollar gap, various policies must be pursued. These include: (1) increased expenditure on the part of American citizens traveling abroad; (2) a continued net transfer of money abroad through remittances of aliens living in the United States to their home countries; (3) government expenditures for the maintenance of military and other establishments abroad in the interest of keeping the peace; and (4) wise capital investments which will improve the efficiency and the standard of living of our overseas neighbors.

It is a truism that if we are unwilling to let the foreigner sell us his surplus oil, tin, copper, wood pulp, and bananas we cannot sell him our automobiles, typewriters, agricultural machinery, and other products which give employment in the United States.

Assuming that the foreign trade of the country may reach a level of twelve or thirteen billions of dollars in 1948, that is, seven billion dollars worth of exports and five or six billion dollars worth of imports, the Port of New York, on the basis of past experience, may reasonably expect to handle approximately forty-two per cent of this trade, or five to five and one-half billion dollars of foreign exports and imports. That would be about thirty per cent above the peak business that was handled in 1929. In terms of weight, it would mean a physical volume of about thirty-four million long tons. Such a volume would mean a prosperous Port of New York.

Overseas passenger travel has shown fluctuations almost as

great as the trade itself. Excluding the ferry services to nearby Canadian and Cuban ports, the overseas passenger movements from 1920 to 1929 approximated 800,000 persons per annum in each direction. In those days the arrivals at the Port of New York exceeded a half million per annum, with an equal number departing. This meant nearly 1,400 people a day traveling in each direction through the Port. The foreign travel was cut almost in half by the depression, and during the war has dwindled away to practically nothing.

Under the stimulus of fast plane service, it is likely that postwar traffic will show an amazing gain over all past experience. It is not inconceivable that it will double in ten years. Mr. Edward Warner, Vice-Chairman of the Civil Aeronautics Board, has reckoned a postwar average daily movement of 600 air passengers, in each direction, between the North American continent and Europe and the British Isles. Mr. William Burden, Assistant Secretary of Commerce for Air, quotes an estimate of one and one-half million overseas air passengers per annum, from New York alone, ten years after the war. Such a traffic would be fifty per cent above the peak of prewar ship passenger traffic, or over 2,000 per day in each direction. If this figure is realized and ocean-ship-passenger traffic remains on the seas, the total would double the best prewar figure for overseas travel.

II

Let us now consider the second question. What will be the division between air and ocean transportation?

There seems to be general agreement that air transport will find its primary field in passenger rather than freight movement. Mr. John E. Slater, my colleague on the Conference panel, has estimated that forty to fifty per cent of the first-

class and cabin passenger traffic between the United States and Europe, including the Mediterranean area, will probably travel by air, with substantially higher percentages between the United States and the West Indies and the United States and South America. I would suppose that trans-Pacific travel will be primarily by air. It is my own opinion that, ten years after the war, two thirds of most of our overseas passenger traffic will be via air, most of it being newly generated traffic.

In the field of freight, the airplane cannot expect to achieve more than a fraction of the total transoceanic business, for the simple reason that the cost of air-cargo transport is about one hundred times the average cost of ocean transport. Air-passenger travel cost, on the other hand, is very little higher than first-class steamship passage. It is likely that the postwar cargo movement by air will be limited to goods having very high value, extreme perishability, or some other characteristic because of which the saving in time will outweigh the extra cost. I would doubt that the volume *in weight* would exceed 200,000 tons out of a total foreign trade of well over one hundred million tons; that is, less than one quarter of one per cent in terms of weight. *In value* the ratio will be higher, probably as high as five per cent.

III

I turn now to the question of the adequacy of our port facilities for this postwar commerce.

Transportation is as good as its terminals. Port facilities for handling ocean freight and passengers include not only the steamship piers themselves, but supporting warehouses, channels, railroad switching tracks and classification yards, harbor lighters and tugs, highway access facilities, and all sorts of handling equipment. The investment at the Port of New York

in all of these facilities approximates a billion dollars and, for the country as a whole, close to five billion dollars.

In terms of number of ports and number of steamship piers, the United States is well equipped to handle an ocean commerce such as that forecast for the postwar era. In fact, with present port equipment we are handling more volume than is likely to be the postwar peacetime average. Of course, as the years go on, the efficiency of these terminal facilities may be another story. Many piers are out of date. Shipping men point out that the size of cargo ships is increasing, and that the efficiency of their handling gear for discharge and loading is improving. They express concern whether piers built twenty, thirty, or forty years ago are wide enough to take cargo from the ship as fast as it can be discharged and provide adequate space for temporary holding and sorting of the freight in the transit sheds.

Again the size and the number of the hatches in the newer vessels exceed those of the older vessels. A representative of the United States Maritime Commission, speaking to the American Association of Port Authorities last October (1943), pointed out that the typical postwar cargo ship will have seven or eight sets of cargo gear as against five in the vessels of 1920 vintage, and that the amount of freight which can be discharged in the working day of eight hours is sixty per cent greater than in the ship of 1920 construction. In his address, this Maritime Commission representative particularly recommended wider and longer cargo piers. He pointed out that an increasing quantity of freight is delivered to the ship's side in large tractor-trailer highway units which have difficulty in maneuvering on old-type piers.

The war, moreover, has accelerated the use of mobile handling equipment on our piers, equipment such as tiering ma-

chines, lift trucks, and platform trailers. This equipment makes it possible to stack freight higher and to handle it faster than in the hand-truck days provided always that the floor loads and the vertical heights of the transit sheds are adequate. Old-type piers have too many supporting columns which interfere with the movement of platform trucks and of highway trucks. Modernization, redesign, and enlargement of piers will be necessary for efficient handling of cargo under these changing conditions.

Some piers are designed primarily to handle goods delivered by rail switch engines and do not have sufficient highway approaches. Others are designed to provide a maximum of space for watercraft, such as ships and lighters, and have inadequate room for motor-truck movements. Many piers in New York harbor were built with multiple-story transit sheds, particularly designed for the passenger business carried by the superliners handling practically no freight. If the air-transport competition makes the construction of superliners uneconomic, some of these piers may have to be redesigned to facilitate freight operations.

I have no doubt that the technical problem of modernizing piers and other harbor facilities for postwar shipping can be solved. The real problem is one of economics. The financial burden of furnishing pier facilities in the United States is carried primarily by State and local governments. As a field for new private capital investment it has ceased to be attractive. Today the local, that is, the State and municipal, public investment in piers approximates eight hundred million dollars. Unfortunately, except for a limited number of ports, these projects are not self-supporting, and funds must be appropriated each year from the general tax levy, or from special sources such as gasoline-tax revenues, to meet annual deficits

including debt charges of somewhere between thirty and fifty million dollars per annum. I hasten to add that this condition applies to the country as a whole; fortunately New York is not in such condition.

Some of the public port agencies are working hard to make their facilities self-supporting; but there are two definite obstacles. One is the practice on the part of the railroads of giving free dockage to ships at piers controlled by them as an inducement to traffic to use their particular rail lines. The other is the general feeling that the American merchant marine is in a precarious financial condition and must be given terminal rent concessions or a port subsidy of some kind to permit it to function. One way of securing such a subsidy is to persuade a public agency to provide facilities at considerably less than cost as an inducement to ships to call.

The problem of financing the modernization of piers when present investment is not paying its way thus becomes difficult indeed. There are always some who would turn to the Federal Government for financing port facilities. Up to 1940 the Federal Government had, in fact, invested approximately one hundred million dollars in various Army and Navy bases, some of which are used for commercial purposes in peacetime, and in public-works grants. But inviting the federal treasury to "hold the bag" does not seem to me to be the proper solution of the problem. Cities, States, and their port authorities should be encouraged to provide modern up-to-date facilities which will meet the needs of the postwar world. They should be encouraged to provide these facilities on a businesslike basis. This means an adequate income to meet all charges, including operation and maintenance, and interest and sinking-fund charges on bonds, the maturity of which is keyed to a reasonable life expectancy for the facilities.

Fair charges for the use of pier facilities by steamships, in my judgment, would not be an undue burden on shipping if the pier facilities are made efficient. The *terminal* costs of ocean ships absorb a substantial part of their freight revenue. The total is in the neighborhood of thirty or thirty-five per cent. But the largest part of these terminal costs is the stevedoring labor service, *i.e.*, the handling of freight, which alone runs from twenty to thirty per cent of all terminal charges. The hire of pier facilities is but a small fraction of the harbor charges when compared with the charges for stevedoring, checking, service of watchmen, pilotage, tug hire, and all of the other costs. It would be good economy in steamship operation to spend a little more on modern and efficient piers and a great deal less on handling and rehandling cargo, and on costly delays in port.

A word now on the airport situation. The financial problem of providing adequate airports for overseas passenger and cargo operations is more serious than that of modernizing ocean piers. It is difficult to say how much will have to be spent to provide adequate airports for transoceanic planes. I would hazard a guess that airports for the accommodation of such traffic may cost a billion dollars in the next ten years throughout the country as a whole.

How shall these air facilities be financed? A glib answer would be, "Let Uncle Sam take care of them." This is hardly in keeping with the principles under which ports have been developed in the United States, and would immediately raise the specter of political pressure for allotment of funds. Not long ago I heard the Mayor of New York express himself on this subject. He stated forcefully the view that the Federal Government should provide the aids to air navigation such as airway markers, radio beams, and control towers—in short

the equivalent of the channels and the lighthouses for ocean navigation—but should leave the primary responsibility for *airport* development to the local branches of government. Furthermore, he declared that every effort should be made to put the airports on a businesslike, self-supporting basis, by adequate charges against the users.

I agree with his point of view, but I fear we are a long way from realizing it in a nationwide program. It is probable that airport financing will be a combination of local bond issues, carried by user fees, and a federal-aid system out of general tax revenues.

IV

Now I come to the last question that I posed, the future of the Port of New York. Fears have been expressed that the new air age will be detrimental to the Port of New York. I do not share that alarm. It is perfectly true that interior cities will be physically in a position to establish direct communication with foreign airports. However, there are many factors that indicate that the Port of New York has an opportunity to play a most significant role as the crossroads of air transportation.

Among the factors that favor the Port of New York as a center for air transport are its strategic geographic situation, its amazing potentialities as a traffic generating center, and its resulting ability to justify the offering of *direct* and *frequent* service to all parts of the world on a scale that no seaboard or inland center can match.

In May 1943 the Port of New York Authority filed with the Civil Aeronautics Board certain data relative to the international air routes that would be of major commercial importance for postwar United States operations. Our statement

pointed out that nearly two thirds of the American citizens traveling overseas in 1934 and 1935 had places of residence within the northeastern portion of the United States served by the Port of New York, and that forty to fifty per cent resided in the States of New York and New Jersey alone. The metropolitan region will give a supporting backlog to air services, which, by their range and destination, their frequency and their appointments, will be a powerful magnet to the overseas traveler of inland origin.

Recently the Port of New York Authority has been vigilant in supporting applications for air routes that would give direct service from New York to points both in the United States and overseas consistent with the volume of traffic available at this port. For example, we have argued for a direct connection between New York and the Pacific northwest which is the probable jumping-off place for Alaska and the routes via the Aleutians to Asia. We are currently supporting airline applications for *direct* service from the Port of New York to Caribbean and South American destinations as compared to indirect and circuitous routes via Miami or New Orleans. The airlanes are in a process of being fixed by the issuance of certificates of convenience and necessity by the Civil Aeronautics Board. Both the national interest and the interest of the Port of New York demand that they be fixed to serve the convenience of the traveling and the shipping public.

If this metropolitan district is properly equipped with airports and ground-handling facilities, and the airway routes of the future are laid out in accordance with demonstrated travel need, I have no doubt that the Port of New York will continue to be one of the greatest transportation crossroads of the postwar world. Our seaport facilities, including the piers and handling equipment, connecting highways and terminals for

freight handling, should and, I believe, will be modernized to ensure continued pre-eminence of the Port of New York in ocean-shipping operations. The postwar transport prospect calls for vision and initiative in this port and in this country and for avoidance of lethargy or despair.

John E. Slater: *America's Postwar Merchant Marine*

In current public discussion about the future of overseas transportation, the problem which has been given least consideration by the public at large is the future of the American merchant marine. The problem of air transport is a new and vital one that catches the public imagination because of the great accomplishments by the operators of air transport, before and during the war period, in the conquering of time and space.

Nevertheless, when the history of the war is written and one moves behind the dramatic and major accomplishments of the combat forces and looks at the vital problem of supplies, it will be shown, I believe, that, tremendous as have been the successes in air transport by the Army Air Transport Command, the Naval Air Transport Service, and the air-transportation agencies of the armies in the field, they will be somewhat dwarfed by the gigantic transportation accomplishments of the War Shipping Administration and the private American shipping companies who have absorbed in their stride the operation requirements of a new and tremendous fleet. The contributions of these operators have not been related, and it is possible, because of security reasons, that they will not be told until after the war. But these accomplishments should be recognized by the public in any consideration of the postwar American merchant marine.

Although there are discussions as to how we shall attain a commanding position in international air transport, all agree that it is vital to our postwar economy and to our postwar security. There does not seem to be the same acceptance of the equally vital necessity that our postwar merchant marine should be so constituted that American economy and Ameri-

can security shall never again be endangered by a failure to have, at all times, a large, modern, and efficient merchant fleet.

I

In considering this problem of the postwar merchant marine, it does not seem to me amiss to take a leaf from the past and provide a brief introductory survey of the lessons we have learned about American shipping in three distinct periods prior to the war. The first is the period immediately following World War I; the second, the subsequent period between the two national Merchant Marine acts, that is the Jones-White Act of 1928 and the Merchant Marine Act of 1936; and the third, the period just prior to World War II.

If we look at the general situation following World War I, we find a basic pattern somewhat similar to that which we have at the present time. We had a war-built fleet enormously increasing the tonnage of American flagships; we had an increased productive capacity seeking new outlets; and we had a lack of a clear-cut publicly supported policy.

Nevertheless there were some successes following World War I in the development of the American merchant marine. In that period, service was gradually developed on a number of well-established trade routes. It is likewise true that in that earlier postwar period American flagships participated in American overseas trade to a degree that had not been true for many years. In 1910 we handled but 8.7 per cent of our own foreign trade; in 1916 we handled but 16.3 per cent; but in 1920 and 1921 we handled upwards of 40 per cent of it.

But with those basic successes there were also mistakes; and it seems to me that it is to those mistakes that we should direct some little attention. What were these errors? In the first place, there was too long a period of government partici-

pation either in ownership or in operation or in attempts at direct control of shipping. In the second place, there was the attempt to force an excess amount of tonnage into the American merchant marine for peacetime trade. In the third place, there was an unsound attempt to press too many untried and financially weak new operators into the service. Finally, there was the rather tacit expectation that the war-built fleet could, over an indefinite period of time, hold its place against newly built commercial foreign fleets.

It so happens that in 1929, at the time when we reached the peak of traffic after World War I, I made a survey of shipping. That survey shows that as of that time, some years after the war, eighty per cent of our merchant marine in foreign service had been built in the period from 1917 to 1922. It also showed that two thirds of the combination ships in service had a speed under seventeen knots and that ninety per cent of the tonnage of our cargo fleet had speeds under twelve knots.

At the conclusion of my investigation in 1929 I made the following summary of the situation:

"Summarizing the ships operating out of Atlantic coast ports, our study indicates that roughly forty per cent of the American ships are equal or superior to competing foreign flagships, but that sixty per cent are, to a greater or less degree, inferior. Combining the services from all points, our analysis indicates that approximately twenty per cent of the American ships are clearly inferior and that an additional thirty per cent compare unfavorably with competitive vessels, but to a less marked degree. The remaining fifty per cent of American ships are at least equal or superior to those of their competitors. Translating these facts into tonnage, we find that approximately 700,000 tons of American ships definitely require prompt replacement with superior vessels, and that an

additional 1,100,000 tons could be replaced with definite advantage to the American companies."

It was with that type of a fleet, and under those conditions, that we felt the impact of the depression of the early and middle thirties. Traffic dropped enormously. Shipping lines had to reduce their sailings. Expenses had to be cut drastically. Rates also had to be reduced. The financial condition of the American operators, in certain cases, became desperate, to say the least.

II

In 1928, at about the time this depression was settling over the shipping industry, Congress passed the first of two interbellum acts to deal with our merchant marine problem. This, as I have indicated, was the Jones-White Act. The Act was an effort to find a solution for the failure of the American operators and to provide new fast combination vessels. To a degree the Act succeeded in supplying that need; but only to a degree. It failed completely in meeting the requirements of new cargo tonnage which, after all, makes up by far the largest proportion of our American overseas fleet.

Following the unhappy years from 1932 to 1934, when American foreign trade reached its low point and when the financial condition of the carriers went from bad to worse, came the second of these acts, the Merchant Marine Act of 1936. Under the policy expressed in that Act, American shipping is still functioning.

It is of interest to consider this policy; and I shall take the opportunity of quoting the Congressional declaration itself: "It is necessary for the national defense and the development of its foreign and domestic commerce, that the United States shall have a merchant marine (a) sufficient to carry its domes-

tic water-borne commerce, and a substantial portion of the water-borne export and import foreign commerce of the United States, and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times; (b) capable of serving as a naval and military auxiliary in time of war or national emergency; (c) owned and operated under the United States flag by citizens of the United States insofar as may be practicable; and (d) composed of the best equipped, safest, and most suitable types of vessels constructed in the United States and manned with a trained and efficient citizen personnel." The preamble of the Act continues with the statement that ". . . it is hereby declared to be the policy of the United States to foster the development and encourage the maintenance of such a merchant marine."

Now surely no one can quarrel with the policy thus expressed. It is clear and unmistakable, and calls for a strong, efficient merchant marine. The Act directed the Maritime Commission to implement this policy forthwith; and the Commission has bent every effort in that direction. A program was laid down to build combination ships and fast cargo ships with all possible speed. In addition the Commission proceeded with a careful analysis of the trade routes which it considered necessary for the free flow of American commerce and sought out operators whom it believed were, or could become, financially responsible for carrying out the requirement which the Commission laid upon them. Twelve such contract operators were selected and they were directed to construct ships to serve some twenty foreign trade routes. Before that particular program could proceed very far, World War II broke out in Europe and the movement of shipping over normal trade channels was disrupted.

Let us now summarize briefly the situation of American shipping at the outbreak of the present war. We had a merchant fleet of 10 million dead-weight tons excluding ships under 2,000 tons, but covering all other ocean-going vessels. Of this tonnage, approximately 6,000,000 tons were in the domestic service and 4,200,000 tons were in the foreign service. Of the latter, approximately 3,250,000 tons were to be found in what we would call "liner service," the balance being largely made up of tankers. Against our 10,000,000 tons, of which but slightly over 4,000,000 tons were in foreign service, 21,600,000 tons of foreign ships participated in our foreign trade.

It would appear therefore that by 1940 we had not by any means solved the problem of having an American merchant marine which, as the Merchant Marine Act stipulated, would assure an adequate service. If we compare the efficiency of our 1940 merchant fleet of 10,000,000 tons with that of foreign competitors, roughly twice as large, we discover that ours suffered from some distinct disadvantages. The average age of our ships at that time was nineteen years; the average age of the foreign ships in the same service was fourteen years. The average speed of our ships, *i.e.*, the cargo ships, was 11.1 knots; the average speed of the foreign ships was 12.6 knots. Lloyds' *Register* for 1939–1940 gives us some further figures indicating the superiority of competitive fleets over our marine. For instance, only ten per cent of the American ships of six to ten thousand tons had been built in the five-year period before 1940. In the British fleet, on the other hand, twenty-four per cent had been built in that period; in the German fleet, fifteen per cent; in the Japanese fleet, thirty-four per cent; and in the entire world fleet, nineteen per cent. As for the smaller ships from two to six thousand tons, those which were less than five years old in the United States fleet com-

prised less than one per cent of the total; in Great Britain they comprised seventeen per cent; in Germany, twenty-two per cent; in Japan, nineteen per cent; and in the world fleet as a whole, eleven per cent.

What now was the situation traffic-wise in 1940? According to a survey of some thirty cargo routes, tonnage carried by American flag vessels operated by American companies approximated fifty per cent on only three such routes. In the thirty routes as a whole, American flagships carried only slightly more than twenty per cent of the total. Even if we add certain fleets which were part American and part foreign, operated by such large organizations as the United Fruit Company and by the Grace Lines, the proportion carried by the American companies on all important trade routes was under thirty per cent of the total world tonnage.

The analysis, however, is by no means wholly discouraging, because if we go further and find out what types of tonnage were handled by the American ships, and what types of tonnage were handled by the foreign tramps, we discover some interesting facts. Let us take a single, but very important, flag route and divide the cargo into four categories: refrigerator cargo, high-rate cargo, intermediate-grade cargo, and low-grade cargo. We find that the American flagships handled thirty-five per cent of the refrigerator cargo; forty-three per cent of the high-grade cargo; thirty-seven per cent of the intermediate grade cargo; and less than ten per cent of the low-grade cargo. This was on outbound traffic. The corresponding figures for the foreign tramps were as follows: less than one per cent of refrigerator cargo, six per cent of high-grade cargo, twelve per cent of intermediate-grade cargo, and sixty-nine per cent of low-grade cargo.

Taking the inbound traffic on the same trade routes, we find

that the American flagships carried forty-four per cent of the refrigerator cargo as against less than two per cent by the foreign tramps; forty-four per cent of the high-grade cargo as against none by the foreign tramps; thirty-five per cent of the intermediate-grade as against less than one per cent by the foreign tramps; and six per cent of the low-grade cargo as against sixty-seven per cent by the foreign tramps.

There are other examples of the same situation which I could give if space permitted. What it means is that, speaking generally, the American flagships held a reasonably good position with respect to the high-class cargo and an extremely poor position with respect to the low-grade cargo. Quite clearly this situation justified the program of the Maritime Commission in calling for the construction of a large number of fast cargo vessels as soon as possible. The situation also indicated a need of meeting, in some manner, the tramp-tonnage competition.

III

So much for the situation at the time the present war commenced. Now what has the war done to us? In the first place it has eliminated almost all the combination ships which were built for the trade. The war has demonstrated in a very emphatic way the need of combination-ship tonnage for moving personnel in wartime. In the second place the war has absorbed, in one way or another, a very large number of the fast cargo ships built in the earlier period of the Maritime Commission's program, those ships having been absorbed by the Army Transport or the Navy Transport Services for troop carriers. Thirdly the war has produced a fleet of some 28 million dead-weight tons of Liberty ships with an average speed of some ten or eleven knots.

What are the implications of these wartime changes for the

postwar future of the American Merchant Marine? In the first place, it is clear that few, if any, passenger-carrying vessels, previously built for the trade, will come back to the peacetime fleet. Many of the fast cargo vessels, which proved themselves so efficient in the short period between 1939 and Pearl Harbor, will either not come back because of the expense of reconverting them, or will come back at a very late date, too late, probably, to become effective carriers in the period immediately following the war. Most important of all, we shall have on our hands an enormous surplus of Liberty-type ships. In other words we shall be about where we were in 1919 and 1920.

The question which faces us, therefore, is: how can we avoid after this war the same consequences which arose out of a similar situation after the last war? We cannot gaze into the crystal ball and say precisely what the circumstances will be; but we certainly know enough of the situation following the last war and of the situation just prior to this war to be able to indicate clearly certain things that should be done. From the point of view of ship construction, we should complete the initially-planned fast cargo fleet as rapidly as possible. We must also provide for the construction of an adequate number of combination-type vessels. Thirdly, we should allocate additional fast cargo ships to lines which had assumed responsibilities for this sort of traffic before the war. Finally, we should give very careful consideration as to what is to be done with respect to the domestic fleet; *i.e.*, the coastwise and intercoastal carriers.

From the point of view of ship operation, it seems to me that we should restore ships to the owners at the earliest possible date. After the last war I was associated with the railroad business. I have a very clear recollection that years elapsed before many railroad cars were returned to their owners; and

when they were returned, it required months, if not years, to restore the cars to good condition. We should not repeat that kind of mistake. Ships should be returned to their owners as soon and as rapidly as possible. Secondly, some regular commercial service should be restored on each route as rapidly as war conditions permit. Thirdly, the operation of all the provisions of the Merchant Marine Act of 1936 and the contracts between the Maritime Commission and ship operators under that Act should be revived at the earliest possible moment. Fourthly, new routes should be established for the financially responsible operators, and old routes should be extended.

Lastly we are confronted with the question of what to do with the Liberty fleet. We have that fleet. It is being used at present in a way which is magnificent beyond all praise. It has been an instrumentality of the war-making power of this country and of Great Britain and it will be years before the public generally appreciates how important it has been. Once the war is over, however, we shall have 28 million tons of these eight-, ten- or twelve-knot ships. It will be a fleet of ships which, with certain exceptions, is unadaptable to the primary purposes that we have in mind.

Fundamentally, our attitude toward the fleet should be based on the assumption that it fulfilled a war and not a peace requirement. I would recommend the following policies as respects its disposition: first, that as a part of the disarmament program, these ships should be placed on routes required for the economy of Germany and Japan under the control of an interallied authority. Secondly, we should determine, by a survey, the number required to give the American flag operators a fair share for the handling of low-grade tonnage on their respective routes and allocate Liberty ships accordingly. Thirdly, we should exhaust all possibilities of their use by

domestic coast-wise and intercoastal carriers. Fourthly, we should establish an emergency pool of laid-up ships, the amount to be determined primarily by the armed services, but probably amounting to a figure between five and ten million tons. Lastly, we should sell the balance to our allies at reasonable, but not discriminatory, costs. In other words, we should look at the Liberty fleet as a magnificent solution of a burning war problem, but not permit it to become an incumbrance upon our postwar merchant marine—by selling it cheaply to our foreign friends, by forcing it into the American postwar active fleet beyond that fleet's power to absorb it economically, or by having it hang as a constant political or financial threat over a soundly financed and operated merchant marine.

IV

This then is a summary of the policies toward which we should aim in planning our postwar merchant marine. Prior to the war there were some 70 million gross tons in the world's fleets. It is not at all improbable that the gross tonnage of American ships alone following the war will be close to 50 million tons. For security reasons we must use this fleet wisely. We must strengthen our position on all the important American trade routes with a modern, efficient fleet and with first-class service. We must not remain at the mercy of foreign tramps. In short we must consistently carry out the national policy on shipping which was laid down by the Merchant Marine Act of 1936 and which has been so ably supported by Admiral Land and his associates.

In all this, of course, we must be conscious of the maritime aspirations of our allies and understand the importance to them of their respective merchant fleets. It is the assumption

of many that the development of a modern American marine will affect adversely the maritime interests of those allies. To be sure, if we assume that the whole of world trade is a static thing, then what American ships gain in the future will represent loss to foreign ships. In that case the expansion of the American marine will work hardship to the fleets of other nations.

I see no reason however for assuming that the total volume of world trade is to be a static thing. The general disposition is to raise rather than to lower the barriers of trade after the war; that will mean increased traffic for all. Our legitimate share in that increased traffic will therefore not mean a serious blow to the fleets of Great Britain, of the Scandinavian countries, or of the Dutch, who are particularly involved. It is also my hope that, at least for a considerable period of time, the disarmament program adopted toward our present enemies will mean that the fleets of Germany and Japan will not be permitted to roam the oceans and carry the torch of their particular national philosophies to every corner of the globe. Certainly they ought to be restrained in their commerce until we are convinced that their ideas of politics and economics have been purged of their present Nazi taint.

Thus while it is conceivable that a growth of the American fleet will require readjustment in the movements of the British and other foreign competing fleets in the routes they have hitherto served, I do not believe that such a growth will mean a serious dislocation for foreign fleets. I would add this point. I believe that the part played in the international trade balances of Great Britain and other maritime countries by the payments we have made to them in the past for carrying our overseas commerce has been overemphasized by economists.

That is a subject which ought to be investigated and analyzed somewhat more carefully than it has been up to now.

Let me add my comments on one additional topic which is brought up whenever the future of the American merchant marine is discussed. This is the differential in operating costs between American and foreign marines traceable chiefly to the fact that our wage scale for seamen is very much higher than those of foreign countries. Because of this differential our ships have operated with a public subsidy.

The answer to this problem of higher cost in operating American ships lies in more efficient operation. Our efforts to achieve greater operating efficiency did not really begin until after the passage of the Merchant Marine Act of 1936. The first vessels constructed by my company after that Act were placed in operation in 1939 and they proved their value immediately. The first time one of them went into the harbor of Calcutta, for instance, there was virtually a line forming on the right to inspect this latest example of efficient construction. It had seven hatches instead of the traditional five and there were twenty-one winches instead of the customary twelve or fourteen. Speed had been greatly increased as well as carrying capacity, and at the same time the fuel consumption per ton-mile had been lowered. As to direct labor costs, much could be done by speeding up unloading and reloading at piers with more modern terminal gear and improved stevedoring operations. As an individual shipping man, I shall not be content until the American shipping industry can operate profitably without a subsidy.

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SOME PROBLEMS OF POSTWAR AGRICULTURE

JAMES G. PATTON

The immediate problems of the farmers are peculiar to agriculture; their larger and more important problems are common to the entire population and are interlocked with those of peoples throughout the world. I propose here to survey all three areas briefly. What I have to say will be based upon the findings and recommendations made by the National Farmers Union at its last national convention and at subsequent meetings of its national board of directors.

Farmers can do much to help themselves by helping each other through organization and cooperative effort, by using Cooperatives in the buying of supplies, in their farming operations, and in the marketing of their products. But increasingly they must participate continuously and positively in government. More and more they must share in the formulation of policies and methods written into legislation and into supplementary regulations. Banking, business, and industry have always been in government; working farmers and labor, as producers and consumers, have come late to the council table of government. As yet they sit too near the foot of that table and are too frequently ignored when the final decisions and votes are taken.

In the past years we have learned fast. We must learn even faster if we are to see to it that the peace is organized in the people's interest within this country and throughout the world. Unless it is so organized, within and without, we cannot expect it to endure.

In our opinion, the basic postwar issue is: production for abundance and peace, under a publicly sanctioned program, or production for scarcity, privately arranged and publicly po-

liced. Production for abundance, we insist, will involve less regimentation than would be necessary to maintain scarcity with chronic unemployment and a heavy relief load sapping our strength as taxpayers, producers, and consumers.

In the course of the current Congressional debate we have pleaded, along with the three major labor organizations, the A.F. of L., the C.I.O., and railway labor, for action on all vital phases of transition at the same time and not merely on the reconversion of industry to civilian production. We fear, as does labor, that if Congress does not act simultaneously on all phases of transition policy the farmer and the workingman will be forgotten.

Why, it may be asked, is the National Farmers Union working with organized labor and other liberal forces in the effort to ensure equal or relatively equal treatment in the postwar period? The answer is to be found in our conviction that the national economy must be kept in balance. We believe that labor should have, in adequate unemployment compensation, a measure of protection equivalent to that given farmers by the continuation of publicly supported prices; and we believe that both these policies are necessary if only to offset in some measure the very generous protection given industry in allowance for postwar reserves, in the carry-back and carry-forward provisions of the present tax law and, now, in the Murray-George bill for bailing out billionaire war contractors.

We want to keep the national economy in balance in order that the farmer may sell his product. His product is food. His interest is in the sale of food to the American people. He well remembers the days he had to burn grain because the depression had destroyed the American workingman's capacity to buy the farmer's products. Hence we believe that mere contract termination will not be enough. To keep our economy in

balance after the war, Congress must give attention to the needs of labor and the dirt farmer at the same time that it provides for the postwar interests of industry, and apply the principle of parity for all sections of the population when it acts.

I

I have begun this discussion of agriculture's postwar problems by discussing a pending issue and debate in order to emphasize the fact, well known to industry and business, but not sufficiently appreciated by farmers, labor, and the public, generally, that we are now, while the war is still going on and rising to its climax, already in the postwar period. We are already hip deep in postwar problems, in the sense that policies now being formulated and actions being taken are determining the shape, the nature, and the length of the peace to follow military victory.

At the present time, we are operating under the Baruch plan. That plan contains a flat prohibition against government competition with private enterprise. This bars such yardstick enterprises as the Tennessee Valley Authority, a public undertaking which, we believe, must one day become the pilot operation for the nation, as it is already for other nations. The Baruch plan is generally recognized as proposing an attempt to return to prewar normalcy. It proposes to induce postwar prosperity by turning 19 billion dollars in war plants and facilities and up to 75 billion dollars in surplus war materials over to private enterprise on business's own terms, and to arrange a tax structure cut to business specifications. We are already started on a stampede back to Hardingism and Hooverism, back to another cycle of boom-and-bust.

But farmers do not want to return to prewar normalcy with

the ten million unemployed of 1939, and a net cash farm income of only 7.4 billion dollars, as compared with 12.5 billion dollars last year. We want to go forward, passing from the abundance that has been produced to meet the needs of war to the abundance that American industry and agriculture are together capable of producing to meet the full consumption needs of peace, both at home and abroad. Only as we do that can the genuine free enterprise of working farmers and wage earners find expression in full production, full employment, fair distribution, and full consumption.

We have said, with regard to the whole problem that confronts all of us in the transition and postwar periods, that we must learn to live with abundance and like it. It is important that we know—that all farmers, all wage earners, all professional people become convinced—that we *can* have full production, full employment and consumption of an even greater abundance in peace than we have achieved in war. It is important also that all of us realize the penalty for failure to achieve such goals. That penalty is depression, unemployment of up to 20 million wage earners, loss of markets for food products, and foreclosure and dispossession of millions of farm families turned out on the highways to compete with each other and with city workers for fewer and fewer jobs at lower and lower wages. With that can come social and political convulsions in which freedom and democracy will be suppressed. The population, having been put through the economic wringer, can then be more readily regimented and, in a fierce totalitarian struggle for world markets, set the stage for World War III.

Before or after a newer and more terrible depression, farmers, wage earners, and people of good will generally will insist that genuine free enterprise for all requires production for

abundance. Such a program cannot be the mystical, hit-or-miss operation of wholly undirected, unregulated, unplanned units of private enterprise, each seeking short-run profits to display at the next meeting of the board of directors. It must make use of immediate and long-range programs in the public interest ensuring full use of all our human and material resources. It should assure fair profits, certainly; but it must also see to it that the whole national income is kept in continuous circulation, some if it in private investment and reinvestment, some of it in necessary and useful public works and services.

This is the People's War on the home front. It began long before Pearl Harbor and it will continue after this shooting war ends. It is, as Henry Wallace has said, another stage in the people's long march toward the light. We have lost, and we will lose, many battles. But little by little, triumphing over defeats, we shall win the war itself. As we think clearly, organize effectively, and prevail upon our representatives in the government to adopt and implement policies in the people's interest, we will be pulling even with our men and women who, at this moment, are fighting our cause on military battle fronts. If we hesitate or compromise on vital issues, we will betray them into a postwar era that can be worse than the prewar period.

II

I have stressed the importance of the decision to be made as to disposition of government-owned plants and the level of our production and consumption not merely because it is a pressing current matter, but also because it is illustrative of the interrelationship between agriculture and industry. We are all parts of one body. That is why it is not at all strange

for the National Farmers Union, a general farm organization, to be deeply concerned about what happens to industry. It is deeply concerned about industry because it knows we must have full employment. Without full employment in industry, it will be impossible to have full employment and the resulting prosperity in agriculture.

Professor Alvin Hansen has shown the devastating effects upon our economy, rural and urban alike, of the failure of private investment during the twenties and of the absence of public investment to take up the slack. He has shown how a drop of 15 billion dollars in private investment caused a decline of some 45 billion dollars in national income. John D. Black has shown that wages of farm labor tend to follow the ups and downs of the wages of other labor even more closely than they follow the ups and downs of agricultural income. There is no need to labor the point. Most people agree that although a depressed agriculture cannot be supported without serious national loss, it is even more important to agriculture that the other parts of our economy be healthy. It is, in fact, basic to any solution to the problems of agriculture that full employment and good wages prevail throughout the country and up and down throughout our industrial and business structure. Only in that way can agriculture be permanently rescued from its position as the economic poorhouse of the nation, the occupation to which the jobless turn in desperation; and only in that way can markets for the produce of the farms be afforded to farmers.

If, then, we are agreed upon the need for full employment, what are the instruments we shall use to achieve it? The answer, in the main, is simple. There is virtually no economist of any distinction in this country who any longer questions the desirability, in fact the necessity, of the use of the spending

power of the government to supplement the spending power of private industry. Certainly the people of this country are in no doubt about it. They have had it demonstrated to them beyond doubt in the past decade. Ten years ago the theory of public expenditure to pump new blood into economic arteries was wholly theoretical and visionary. Today it is widely accepted. Only as propagandists and politicians confuse issues with shouts of "free enterprise" or other shibboleths is any one confused about the nature of this demonstrated fact. Hence I think all men of good will can agree that there should be at hand and in use a sheaf of blueprints of required public projects that can be put to work at a moment's notice in volume sufficient to sustain circulation and maintain equilibrium. Much of the preliminary work in this field has already been done, notably by the late National Resources Planning Board, put to death by the forces of concentrated economic and political power. That body has done the preliminary work and afforded the raw materials for such blueprints. For agriculture, much of the same work has been done in the Department of Agriculture through the Bureau of Agricultural Economics and the Committee on Postwar Programs.

III

In discussing specific agricultural policies and proposals for the postwar period already at hand, the National Farmers Union starts with the premise that farm policies and programs must be designed to achieve for all farm people a parity of welfare with all other groups. Parity of welfare cannot be obtained by a mere manipulation of prices. Rural people should have the same opportunities as other people to live decently, produce abundantly, and to participate effectively in our schools, churches, communities, and similar democratic

institutions. There must be less inequality of welfare within agriculture itself. Disparities in living levels and opportunities among the various groups of farmers and farm laborers are as great as those between agriculture and the rest of our economy. Here, too, national interest requires a raising of the lower incomes, not by sharing the markets, prices, and subsidies of artificial scarcity, but by equal access to the two-way markets of abundance, in terms of full productive and consuming power.

In relation to this concept, we have already made a serious mistake. Faced with serious unbalance in livestock and feed, and with shortage of storage space for some—not all—foods, we have taken off rationing on many foods. This may prove to be the most serious error made to date. It can become the first step backward toward isolationism and the ultimate loss of World War II as World War I was lost when we attempted to withdraw and secede from the rest of the world.

Already, the lifting of rationing from many foods has created the impression that, in terms of food, the war is practically over, whereas the fact is that, in terms of food as an implement for establishing a just and durable peace, the war is only beginning. Serious as is the psychological letdown among our own people, it is even more serious in its effect upon the people of England, Russia, China, the nations we are pledged to free from Axis slavery and starvation, and from the peoples of Latin America who are being asked to endure the strains and readjustments of war.

The recent sensational announcement of point-free foods has been followed by warnings that rationing may have to be put back on these foods later. But the job of putting it back will be difficult, particularly if shortages coincide with the isolationist cry that we are "starving" Americans to "feed the

rest of the world," whereas in fact the time will have come for us to make good our war pledges to do our share in helping to feed the peoples of the liberated nations.

Most sinister is the policy, recently announced by Food Distribution Director M. Lee Marshall, of deliberately trying to keep food stocks as low as practical, so that, quoting from his May 4 statement, "we may come out as even as possible at the end of the war." "You might say that we have a selfish interest in keeping food stocks as low as practical," said Mr. Marshall, who already has a plan for reselling any postwar surplus back to manufacturers and packers for distribution through regular retail channels. He does recognize, in passing, the liberated peoples' need for food. But the whole emphasis is definitely against stockpiling. We seem to have turned our backs on the policy that the real use of food as an implement for the relief and rehabilitation of devastated areas and peoples begins when the shooting war stops.

Policies have been changed before under the weight of public opinion. The present food policies in production, storage, distribution, and rationing must be examined, understood, and changed if we are really to use food to win the war and write the peace.

At this point let us consider some of the National Farmers Union's guiding principles and concrete proposals for the postwar period. I want to discuss, first, the question of production and prices. To keep American agriculture from bleeding to death economically in a society caught in an economy of man-made scarcity, our agricultural policy in production and prices has in the past put emphasis on holding prices by holding down production. This has tended to make big farms bigger and push small farmers to the wall. As we accept abundance as inevitable, we will pass beyond the illusion of prices as the

beginning and end of farming and will use prices to (a) achieve parity of income and of family living for farm people and (b) meet a fully employed and prosperous nation's demand for foods and fibers in the kinds and quantities needed. Our specific proposals on this subject are seven in number.

1. Real stabilization of our wartime economy to prevent inflation is imperative. We favor a strict hold-the-line policy for agriculture, labor, and business and the continued use of subsidies for effective support of prices to obtain maximum production of needed war foods, without penalizing farmers, as they have been in eggs, while holding down the cost of living. We also favor a realistic tax program which will absorb all excess profits from business and apply more heavily to higher net incomes.

One problem in the field of price control which needs immediate attention is rising land prices. Land speculation is here again. Land prices in most areas of the nation have already risen enormously and, throughout the nation, are now rising in excess of one per cent a month. This inflation in land prices results substantially from the speculative purchase of land by nonfarmers who hope to double or treble their investment in a few years by selling to bona fide farmers.

We urge enactment of legislation which will impose a capital gains tax of one hundred per cent of any increase in sale price over purchase price on all farm land purchased subsequent to the introduction of such legislation and sold prior to five years following the end of the war. Two exemptions should be allowed: (a) interest not to exceed four per cent on capital invested and (b) the depreciated value of any real improvements made during the period of ownership.

2. While arguing phases of the price policy, we have failed

to convert agriculture to a full wartime production basis. Though we have to help feed a half-starved world and our supplies are so limited we have to ration our own people, and though we need greater agricultural production adequately to feed all our own people in peace, we still have in agriculture a large proportion of our farmers who produce little more than they consume at home.

At the earliest possible date we must provide the finances, the equipment, and other needs of existing underemployed farmers to meet our pressing war and postwar food obligations.

Increasing manpower demands on agriculture require that we immediately repeal recent farm legislation which permits freezing farm labor where it is—a national scandal in this emergency period—and substitute for it legislation which will permit quick creation of a mobile land army made up of now under-employed labor on small, uneconomic farm units, and surplus workers now held in commercial farming areas to meet a few weeks or months of peak demand. A fast moving program of consolidation of hopelessly uneconomic small farms would increase production and make additional mobile workers available.

3. To end restrictionist policies of production within agriculture in the postwar period, we should set up annual production goals for all agricultural commodities. Such goals must be adequate to give all the people of the United States a good, healthy, and nutritious diet. Mechanisms must then be established which will permit producing farmers to negotiate the basis for prices which they will be paid for this production, both by private purchasers and by the government, the latter accepting the responsibility for distribution of necessary foods beyond the requirements of the cash market (a)

as a stopgap to our own low-income people until conversion to full postwar employment is attained; (b) as it is needed in the world markets at world market prices or as relief; and (c) for the accumulation of an ever normal granary to balance the production of differing years and rebuild the food stockpile we had at the time of Pearl Harbor. Normally, farmers have no control over the price of their labor or their product. They must accept what they are offered on a market they hardly influence. They must be allowed to achieve bargaining parity.

There is now a vast unserved need for farm products in the homes of the lower income families of this nation. Millions of our fellow citizens, in peacetime, suffered from malnutrition and disease traceable to inadequate diets. Even in wartime, one fourth of the families of this country have incomes of less than $1,200 a year, while a decent minimum standard of family living, in 1943, required $2,900. Government must discharge the responsibility, proposed above, of seeing to it that adequate foods and fibers are distributed to these people.

Subsidized scarcity has been tried and found wanting. We must, instead, in the interest of the nation, subsidize "freedom from want." The school lunch program and a food-stamp plan have been used in the past to do this job. They should be reinstituted on an adequate scale, along with a vigorous educational program to improve the eating habits of American people.

4. Maintenance of family-type farms has been and is tremendously assisted by our farm-credit agencies. Farmers are comparatively small borrowers. The chairman of the American Bankers Association Committee on Federal Legislation testified on March 30, 1944, before the House Agricultural Committee that small farm loans cost up to 10 and 12 per

cent and insisted that the phrase "reasonable interest" be stricken from the pending Cooley Bill creating the Farmers Home Corporation, successor to the Farm Security Administration. He argued that interest rates prevailing in the community, not to exceed the legal limit, be substituted. In at least one State, the limit is 8 per cent, twice the rate of the Farm Security Administration in some localities. Thus small farmers have it on the best authority that banks propose to help them—at up to one hundred per cent above government rates. Unless small farmers have the advantage of Cooperative credit institutions and low interest rates in their competition against large commercial farmers who borrow at lower rates on larger loans, they are disadvantaged and will be gradually moved off the land.

The Bank for Cooperatives, which finances many rural services not obtainable by farm people except through cooperation, likewise helps to level off the disadvantage to small farmers on their Cooperative loans. These rural services require considerable amounts of capital. Private banks do not specialize in Cooperative loans. They are consequently limited, and properly so, by State and federal laws, to small loans based on a percentage of their paid-in capital. The Bank for Cooperatives, specializing in Cooperative loans for ten years, is able to finance farmer Cooperatives where private banks cannot and sometimes will not. Because of its experience and intimate knowledge of Cooperatives, the Bank's operation has been highly successful.

Loans and grants to small farmers, coupled with assistance in specially adapted techniques of farm and home management and supervision to raise their productive capacity and levels of family living, must be maintained in peace as well as in war. There should also be a special program for enlarging

farm units now too small or too poor to support a family at a decent level of living. The farm-credit programs which stand between family farmers on the land and ultimate dispossession must be preserved.

5. In addition to production and price policies, the farmer must be allowed to protect himself from disaster caused by such uncontrollable risks as drouths, floods, storms, insects and crop diseases through federal crop insurance.

6. There must be federal programs to ensure retirement of submarginal lands to trees or grass, while at the same time keeping the nation supplied with sufficient acreage to produce its food requirements, through irrigation, drainage, flood control, and reclamation.

7. All farmers must be required to carry out conservation practices. They should be aided by the government in obtaining technical conservation services and necessary soil-improvement materials so that the soils of the nation will not be irretrievably lost to future generations. In one hundred and fifty years, we have already expended land capital in America equal to the depletion of the soils in North China in 5000 years. This must stop.

IV

Let us now consider the problem of markets and distribution. Farmers, consumers and government alike have a common interest in increasing the efficiency of marketing mechanisms and thereby enlarging the consumption of farm products through cash markets. The government, with a responsibility for the welfare of all the people and especially those unable, for the time being, to buy adequate food on cash markets, cannot just act as an umpire enforcing fair trade practices. It must aggressively act to increase the efficiency

with which raw products move through the processing and distributive channels to the consumers. With this in mind the National Farmers Union has made various recommendations:

1. To improve marketing efficiency, the government must continue its programs of disseminating complete and timely market information, providing grading and inspection services, regulating warehouses, futures markets, stockyards, and terminal facilities, and eradicating monopolies and unfair trade practices in all types of business enterprises. In addition it must assume the responsibility, through loans and assistance to farmer Cooperatives, of seeing that there is a more adequate system of assembly and small terminal facilities than now exists in many areas of the country. The South is particularly in need of livestock-, dairy-, and poultry-marketing facilities.

Closely related to the problem of providing adequate assembly and market facilities is that of shipping opportunities and freight rates. The present freight-rate structure must be overhauled. The discriminations which present freight rates now impose upon the South, the Great Plains, and the Mountain States are economically unsound, politically unwise, and socially indefensible. Congress should immediately and forthrightly direct the Office of Defense Transportation to make a complete revision of our whole national freight-rate structure for the major purpose of removing the discriminatory rates now in effect. To dodge this issue by suggesting that the Interstate Commerce Commission can and will do all that is necessary is openly to beg the question and obviously "pass the buck." Congress must take this problem into its own hands.

2. The expansion of farmer-owned and controlled Cooperative purchasing, marketing, and service associations must be continued. Our government has long had a policy of encourag-

ing farmer Cooperatives. In recent months, however, there are indications that strong forces are at work to weaken and scuttle the Cooperative movement. The National Farmers Union vigorously opposes any such attempts. Bona fide Cooperatives pay taxes on exactly the same basis as similar business enterprises. They pay exactly as corporations except that final net savings earned for the farmers they represent are returned to the individual farmers, exactly as a farm manager, a broker, or an attorney-in-fact would hand gains from operations over to the person whom he represented as personal income. Farm management firms do not pay income taxes on earnings from the farms in their hands. A bona fide Cooperative is nothing more than an agent, or manager of farmers' business, returning to them the yield from their business at each year's end. It would be rank discrimination against farmers to tax their gains in Cooperatives while not taxing all profits earned for individuals by management enterprises in the management enterprise and again as personal income. The Cooperative tax proposal is not a tax proposal, but a proposal by selfish interests to deny the common people of America the services of specialist managers on the same terms as others employ them. It is a proposal to "strait-jacket" the people of America for exploiters. Any corporation, if it will return its earnings to patrons on the basis of business handled for them, is entitled to the same tax treatment as Cooperatives.

Actual experience has demonstrated, time and time again, that the distribution of farm commodities can be greatly improved through both producer and consumer Cooperatives. We favor the integration of these two types of associations in many lines of activities, and insist that the government, through the mechanisms of proper credit, the supplying of technical information and services, and other legislative acts, strongly

encourage and support the development of both producer and consumer Cooperatives. It should not use tax powers to destroy them. Cooperatives can, in many instances, provide the necessary services of distribution in the most efficient manner while permitting citizens direct and specific opportunity to participate in one of the most democratic of all institutions.

V

Production, price, and marketing problems cover an important segment of agricultural policy. The same emphasis given these problems should be given direct measures aimed at improving rural welfare. The National Farmers Union lays great importance on a variety of programs directed to this end:

1. Every family in America, rural and urban alike, must be decently housed. Through repairs and remodeling, through construction of new homes to replace those now beyond repair and those beneath minimum adequate standards, this goal can be achieved. The oft-told story of rural housing is a shameful one. In Arkansas, Louisiana, Mississippi, Alabama, and Georgia, according to the 1940 census, the average value of farmhouses was less than $500; in all other southern States, except Virginia, the average was under $1,000. Hundreds of thousands of farmhouses were worth less than $250. These values stand in sharp contrast with the average cost of $2,100 for farmhouses built under the United States Housing Act of 1937.

In the country, poverty crowds farm families into houses too small for health and decency; many families have more than 1.5 persons for every room. In Colorado, Montana, and South Dakota, 17.7 per cent of the farm families live in houses

with three rooms or less. In the Southeast, 42.6 per cent of the Negro share croppers live in houses of three rooms or less. Overcrowding in the rural areas is no less dangerous than overcrowding in city slums, where it has long been associated with epidemics, ill health, crime, delinquency, and other enemies of good citizenship. The 1940 census also showed that 82 per cent of all farm homes had no running water within the dwelling; 66 per cent had no running water near by; 89 per cent had no bathroom; 9 per cent lacked even outdoor privies; 69 per cent had no electricity; 34 per cent needed major repairs.

A miniature federal housing program exists. It is suspended because of the war but, if reopened, would supply only 8,406 of the four million new farm homes needed.

In carrying on a rural housing program, the necessary steps should be taken, wherever possible, to associate with each farm home enough land or off-farm work to assure adequate employment opportunities, which, in turn, will assure adequate incomes and living standards. Federally insured private loans for rural housing should be made available in rural areas. To the extent, however, that private capital does not respond to this incentive, a direct public housing program is required. A portion of the job can be accomplished as a part of a public-work program which will be needed at the end of the war to maintain full employment at all times. The subsidy issue should be faced frankly, and necessary subsidies should be provided to assure rural housing of a type of which our great nation no longer need be ashamed.

2. America must catch up with a number of other countries in rural electrification, and assume a position of world leadership in the provision of this necessity to farm people. Rural

electrification, which has demonstrated its effectiveness through the farmers' own Cooperatives, should be strengthened and rapidly expanded just as quickly as materials and labor can be spared. Widespread use of electricity in rural areas will contribute materially to farm production, to the standard of living of farm families, and to better rural communities. Rural electrification at reasonable rates, which are assured by nonprofit Cooperatives, is a must for every farm home and every rural school, church, and rural industry. Their bona fide Cooperative status must not be invaded or impaired.

3. Rural people must have adequate health, medical, and hospitalization services. Low-income farmers are entitled to adequate services at rates within their ability to pay. Hundreds of thousands of farm people have had little or no medical and dental care because of their inability to pay for the needed services on an individual fee basis. The Cooperative approach to medical and dental care and hospitalization on a prepayment insurance basis must be developed on a broad scale. Public-health services, including nursing, should be strengthened and expanded in all areas, with special emphasis upon working with school children. Good health, just as education, is a public responsibility. Where needed, subsidies must be provided to bring about a better distribution of doctors and dentists and clinical and hospital facilities. Inability to pay must not deprive any person of his birthright to good health. Recreational facilities, which aid not only health but the mental well-being of people in a community, should be provided in rural areas just as they are in cities.

4. Farm people must get the benefits of social security already provided to most groups. While they can now partici-

pate on the basis of a needs test in old-age assistance programs and programs to assist the blind, they are not covered by old-age and survivors' insurance or unemployment insurance. All farm people, hired workers, and self-employed operators and their families, should receive the benefits of the present social security program with such extensions as will provide national compulsory health insurance.

5. Continuance of democracy is more seriously threatened than ever before and it behooves us to examine and strengthen its foundation. That foundation is education. The educational problem falls into two parts: first, strengthening our whole program of schooling through grade school, high school, trade school, and college, and strengthening the training of older youth and adults; and, second, eliminating the disparities in educational opportunities. Every boy and girl, regardless of race, creed, or color, and regardless of the economic status of the parents, should have the opportunity to develop his full capabilities. It is the responsibility of society to provide this opportunity and it is to society's advantage. As a nation we cannot afford to allow poverty to limit the educational opportunity of any individual. Present disparities in educational opportunity must be removed through the use of State and federal equalization funds. We must tax wealth where wealth is, to educate children where children are.

Since better facilities, as well as better trained teachers, will be required in a rejuvenated and renovated educational system, needed new school buildings and other facilities should be provided by the public-work program during the transition from war to peace. While our young people of school age must learn the three R's and must become equipped to earn a living in a complex society, they must also learn much more if they

are to assume the full responsibilities of citizenship in the community, State, and nation, and in the world family of nations. An understanding of general economic and social problems is essential; and such learning should continue beyond school age.

We should encourage foreign travel and study by both our citizens and the citizens of foreign countries. A few hundred thousand dollars spent each year for traveling fellowships for students and international conferences for farmers, laborers, businessmen, and legislators of all countries to meet together and discuss their mutual problems will be a profitable investment for all governments to make in promoting the understanding of future international problems.

In the agricultural field, educational work with older youths and adults must be completely reorganized and redirected. We have today a multiplicity of agricultural education agencies, most of them so underfinanced that their exclusive services can, and all too frequently have, been sold to selfish private interests for a slight endowment. Processors have dominated and seized the exclusive use of many experimental projects. Farm educational agencies established for all farmers have operated to serve the special interest of a few large farmers, thereby widening the gaps within agriculture and using publicly financed programs to subvert the government's responsibility to all farmer citizens. Agricultural educational programs must be directed to serve all the people in agriculture. They must be directed to the national policy of maintenance of families on owner-operated farms in security on the land. As a first step in this reform the Agricultural Extension Service must be divorced entirely from any partnership arrangements with private farm organizations.

VI

Farmers as well as other citizens have a huge stake in the proper disposition of military land and supplies. Our war surpluses can be distributed to serve people, or they can be dumped abroad or destroyed to suit the whim of selfish, monopolistic advocates of scarcity. War lands can become family farms, offering opportunity for veterans and farmers dispossessed by war necessity, or they can become the farm factories of the few.

Agriculture has been unavoidably but nonetheless seriously depleted by the war. Lands have been taken; soil, forest and machinery resources have been depleted; medical services have been drafted away; and many schools have been left unable to operate in the emergency. These must be restored in the interest of people and our military surpluses must be used in that restoration. The National Farmers Union offers a series of recommendations on this general subject.

1. All lands acquired for war operations and suitable for agriculture should be offered for sale to war veterans and dispossessed farm families as economic family-type farm units. The Department of Agriculture should handle the disposition at prices equal to productive value, at the same time providing credit, technical assistance, and other necessities to successful farm operation. No large blocks of such land should be offered for sale, sold to any individual, or "thrown in" with factories or buildings during their disposal.

2. Accumulated stocks of military supplies, equipment, and facilities are a part and must remain a part of the real wealth of this nation. Priority in their acquisition should be given to farmers whose equipment and supplies have been depleted by the war and its unparallelled demands for increased produc-

tion, and to public agencies and institutions, including non-profit associations performing public services. The manner of offering such surpluses should permit individuals, singly or through their Cooperatives, to purchase whatever they desire in quantities they need directly from the government or from reclamation and conservation districts and similar organizations. A resale ceiling price should be placed on all articles. No materials should be junked or destroyed until determination by federal agencies responsible for their disposal that they are of no value. Outright gifts to individuals or private interests, other than through appropriate relief agencies, should not be permitted.

3. Ammonia and other chemical war plants producing materials suitable for agricultural fertilizers, insecticides, and fungicides should be sold or leased to farmer-owned and controlled Cooperatives as soon as they are no longer needed for producing military supplies, to assure their operation at full capacity for the restoration of depleted land resources, control of pests, and for other agricultural uses. Other plants should be offered for sale or lease in such a manner and in such units that Cooperatives, small businessmen, and small businesses can acquire or lease practical, economic units for production of goods. No plant or plants should be offered for sale or lease in such a manner as to favor large interests and exclude people or people's organizations of smaller means. All policies relating to disposition of war plants, facilities, and materials must preserve wealth for the benefit of the people.

VII

In the foregoing sections, broad and fundamental objectives of the National Farmers Union have been stated in relation to present-day problems, and a series of general principles

have been recommended as guideposts for agricultural policies and programs. There are, however, many aspects of broad national policy in which farmers are greatly interested, and with which the future welfare of agriculture is closely related. Certain of these phases of broad national policy are of paramount importance in maintaining an expanding national economy in which there will be jobs, markets, and business opportunities for all and a world economy in which free men and women can live in peace and security.

Too much emphasis cannot be placed upon the necessity for maintaining full employment in the postwar years. The real problem of maintaining full employment is a problem of maintaining the market demand for goods and services and preventing capital from lying idle thereby causing consumer power to shrink. We have the manpower, the capital equipment, and the technical knowledge with which we can easily produce a gross national income of 175 billion dollars per year at 1943 prices. Our fiscal policy will be of tremendous importance in keeping consumption in line with a full-employment level of production. In this connection certain general principles should be kept in mind.

1. Fiscal policy must become a positive set of programs or techniques aimed at maintaining full employment. It can no longer be viewed as merely for raising revenue. It must prevent savings from outrunning private investment and thus reducing consumption below a full-employment volume of production.

2. Taxes on consumption must go. Other than social security payroll taxes, the most important of these are the sales and excise taxes levied by State governments. In many instances, States have levied sales taxes to match federal funds on grant-in-aid programs. The Federal Government should as-

sume more of the financial burden involved in social security, education, and highway programs, to encourage the States to relieve consumers. We are opposed to all sales taxes. The Federal Government should remove its own excise taxes on goods as soon as our economy is again producing at full civilian levels.

3. Future corporation-tax policies should keep clearly in mind that taxes on consumption are stronger influences in limiting production than are taxes on net earnings of business; and that corporation reserves which are neither paid out as dividends nor invested in plant and equipment can disastrously shrink consuming power. Further, it must be remembered that a lowering of corporation taxes would automatically discriminate against individual enterprisers, such as small farmers and small merchants, and would require higher individual income taxation. Incentives should be strictly limited to capital immediately invested in new production, and the making available to people of new goods and services for better and more abundant living.

4. It is more economical for our nation to make heavy public expenditures to maintain full employment than to have our resources of labor, knowledge, and capital lie idle and deteriorate. Public works will be necessary in the reconversion period. Federal and State governments must have well-selected projects ready at all times to take up any lags in private employment. Public works which serve people, such as TVA, the proposed St. Lawrence Waterway, the Missouri and Arkansas River Development, housing, hospitals, sanitation projects, and rural centers, as contrasted to monumental but unserviceable public buildings, should be given first consideration.

Another major postwar question toward the solution of

which specific policies should be developed now is that of reconverting our tremendous industrial machine from wartime production to the needs of our civilian peacetime economy. Success or error here will lay the groundwork for prosperity or depression. Certain broad considerations must not be overlooked in handling this problem.

1. Reconversion is really a long-time process which has already been started and will continue until after the military defeat of our last enemy. Because of this, many schemes will be proposed for protecting the market for firms whose production of prewar civilian products is delayed by military orders. There are now demands that government prevent new businesses from entering any field until all existing ones have ceased producing military supplies. Likewise there will be demands for holding the level of civilian production of firms which are freed of war orders to the level at which they were operating in some prewar base period, until all of their competitors are ready again to produce civilian goods.

Such schemes will inevitably result in holding down the volume of civilian production, and could be an important contributing cause of inflation. They will be unsound and unwarranted if materials and manpower are available. We could make no greater mistake than to tie our future civilian production to prewar base periods. We cannot afford to give "protection" to any unconverted firm's traditional share in the civilian market by holding up the production of other firms. There should be no brakes on producing as much as we can as soon as we can.

2. Thousands of little businessmen and Cooperatives were seriously discriminated against in the transition from peace to war and we must again allow them to enter into civilian fields of production during the reconversion period. The use

of controls over materials of production in a period of peacetime production to protect special interests would tend toward totalitarianism and would almost inevitably result in destruction of democracy and the control of government by monopolistic corporations. Such controls should be relaxed as rapidly as materials are available for civilian goods and production should be permitted on a free, competitive basis as quickly as manpower can be released to process those materials.

3. Small businessmen, millions of war workers who will be at least temporarily thrown out of employment, and millions of men and women who will be demobilized from the armed forces must be aided in the reconversion period. It is especially important that we make systematic provision for training, retraining, and educating people to engage in productive peacetime pursuits. There will be need for credit and technical services for many families who start farming or engage in other business enterprises.

VIII

A final question of broad policy concerns the kind of peace that will follow the war. All the world is looking forward to a peace which goes beyond the mere cessation of hostilities and becomes a thing lived, enjoyed, and depended upon by the great mass of people everywhere. To attain such a peace there are certain policies which must be pursued:

1. The future welfare of the world demands active participation of the United States in world affairs. This participation must be economic, social, and cultural, as well as diplomatic. We must give world leadership to a movement aimed at eliminating trade barriers, thus expanding the flow of goods and services among nations. As a means for accomplishing

this end, we should participate in world organizations to stabilize currencies, properly direct the flow of international investments and materials, and regulate international shipping. Although we may place primary emphasis upon economic, social, and cultural collaboration with other countries, it will also be necessary to have some form of international organization of nations whose primary aim will be to prevent military aggression.

2. One of the main contributions we can make to the stability and security of the world is to run our own economy at capacity levels of production, and be willing to trade with other countries. Our economic conditions at home will have tremendous repercussions throughout the world. The maintenance of peace in a prosperous world is much easier than in a world beset with depression and unemployment. Moreover, the maintenance of prosperity in this country is a large and important factor in maintaining world prosperity.

3. Basic considerations that will have to be faced in the making of the peace need examination now, so that policy may be formulated and proclaimed now. Areas of agreement in the organization of peace must be worked out now. By doing so, we will speed victory and make genuine peace easier to achieve. It is primary to the success of such a policy that we, as a people and a government, develop an understanding of, and better working relations with, our allies and with the peoples and the legitimate governments of the countries now under Axis control. We cannot afford to maintain an arms-length attitude of fear, suspicion, and fatal hesitation toward our allies and the people we are pledged to liberate.

We have come of age in world affairs. We must accept and discharge adult responsibilities with good will and decision. We must deal with other peoples as equals, and not as in-

feriors to be exploited, or as superiors who might outwit us. We must deal as equals with England and the British Dominions, China, Russia, the French and, no less, with the smaller peoples whose contributions to our civilization, notably in the fields of cooperation, practical democracy, and culture, have been, and one day will again be, as important as any furnished by larger nations who, through accidents of geography, climate, and resources, have greater material power. Russia is and will be a great world power. An understanding with this people is essential to peace. Such an understanding need imply no judgment by either nation on the government of the other.

In the second place it is essential to the building of an enduring peace that we recognize that all men belong to a single human race. Were the peace to be a bill of denial to certain peoples, because of color, instead of a bill of rights as set forth in the Atlantic Charter, then we should certainly have laid the groundwork for a third world war. Every act of discrimination because of race by the dominant powers, at home or abroad, is a step toward a future war. Every act of world neighborliness toward other races is a step toward a just and therefore lasting peace.

Today, in a million farm homes thoughts run from the plans for the 1944 ploughing, planting, and harvesting to the son or daughter, sister or husband who, half way round the world, is fighting to keep that home, that farm, free and secure. Farm people, more than ever before, are concerned about the future, about the organization of a lasting peace. They are, we believe, determined that after this war we shall go forward to new freedom, new opportunity, new security; that we shall end the forty years of wandering in a man-made wilderness of scarcity and finally enter into the promised land of plenty.

They are ready and, we believe, determined to learn to live with abundance and like it.

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WAR AND POSTWAR POPULATION SHIFTS IN THE UNITED STATES

WARREN S. THOMPSON

I

In order to appreciate how the war has affected the distribution of population in the United States, and to guess intelligently on postwar shifts, it will be necessary to review briefly the rural-urban trends in population distribution which have prevailed in the United States from the very beginning of our national life, and to note the regional shifts that have recently taken place, particularly the movement to the West Coast and the South. These are summed up in the tables which are incorporated at various points in this text.

In Table 1, I have tried to bring together information show-

TABLE 1—PERCENTAGE DISTRIBUTION OF THE POPULATION, BY SIZE OF COMMUNITY
UNITED STATES, 1790–1940

	Places of:				
	100,000 and over	*25,000–100,000*	*2,500–25,000*	*Rural*	*Total*
1940	28.8	11.2	16.5	43.5	100.0
1930	29.6	10.5	16.0	43.8	100.0
1920	26.0	9.8	15.7	48.6	100.0
1910	21.1	8.9	14.8	54.2	100.0
1900	18.7	7.3	14.0	60.0	100.0
1890	15.4	6.8	13.1	64.7	100.0
1880	12.4	4.8	11.0	71.8	100.0
1870	10.7	4.4	11.0	73.8	100.0
1860	8.4	3.5	7.8	80.2	100.0
1850	5.0	3.9	7.9	83.2	100.0
1840	3.0	2.5	6.0	88.4	100.0
1830	1.6	2.5	4.7	91.2	100.0
1820	1.3	2.1	3.6	93.0	100.0
1810	...	3.2	4.1	92.7	100.0
1800	...	2.4	3.7	93.9	100.0
1790	...	1.6	3.5	94.9	100.0

ing the proportion of our population living in different sizes of communities. It would be more significant if we could divide the last of the categories mentioned, that is the rural, into farm and nonfarm throughout the table, but that has been found to be statistically impossible.

I will deal first with the rural-urban shift, since it is probably the most important population shift in the last 150 years. The basis of the rural-urban movement in the United States as elsewhere was the agricultural revolution, which began even before the Industrial Revolution, and which led to increased per capita food production even before machines came to be used in industry. But once the farmer had better cattle, more productive varieties of grain and new crops, and had learned some of the elements of maintaining and improving soil fertility, the building of better tools and implements which came with the Industrial Revolution, added greatly to his productivity, both because they made better tillage possible and because they enabled him to cultivate a much larger area. These two great revolutions made possible the great increase in urban, that is, in the nonfarm, population, which has taken place in the West since about 1750 and which is now rapidly spreading to other lands.

The urban population of the United States, *i.e.*, all the population living in places above 2,500, was just over five per cent in 1790, when our first census was taken. By 1940 it had grown to over fifty-six per cent. But this is not all. A considerable part of the twenty per cent of our population which lives in rural areas, but not on farms, lives on the fringes of cities and works in them; while another considerable portion lives in villages and constitutes a service group for farmers. Hence only about nineteen per cent of our employed population was engaged in agriculture in 1940.

Let us compare this situation with certain foreign coun-

tries. According to the Soviet Russian census of 1926 about eighty per cent of the Russian population was engaged in agriculture. In China, from eighty to eighty-five per cent are so engaged. In the more backward industrial countries for which we have fairly definite data, countries similar to India, the proportion of the population in agricultural pursuits runs from about seventy to seventy-five per cent. The reason for this high percentage is obvious. Until these countries obtain more efficient agriculture and better tools, they cannot afford to reduce the number of persons producing food. We, too, used to have about four persons out of five producing food. Today the numbers are just about reversed. We have, as I have said, about nineteen per cent who are producing our food and about eighty-one per cent who are engaged in other types of work in the United States. In Great Britain, I believe, the figures are ten per cent in agricultural and ninety per cent in nonagricultural work; but Britain, of course, imports much of her food.

Referring again to Table 1, it will be observed that up to about 1930 the population of the larger cities increased faster than that of the smaller cities. Not until after 1930 did the urban population curve level off. Thus within the urban population there was a strong centralizing trend which lasted until a little over a decade ago. In order to get the recent trends in rural-urban distribution clearly in mind, it will be well to analyze the changes since 1920 in somewhat greater detail.

Between 1920 and 1930, the 96 metropolitan districts of 1930, nearly all of which contained a city of more than 100,000, increased over 28 per cent in population, while the rate of growth of the total population was only 16.1 per cent. The central cities in these metropolitan districts, however, grew by only 22.3 per cent, while the territory adjacent to these cities grew by 44 per cent.

All remaining cities not within a metropolitan district increased by only 19.4 per cent, or at a significantly slower rate than the central cities of the metropolitan districts and only about two thirds as fast as the metropolitan districts themselves.

The rural areas of the nation outside these districts increased by only 3.7 per cent. When the rural population is broken into farm and nonfarm, it is found that the farm population actually declined by 1.2 millions, or by 3.9 per cent, while the nonfarm population grew by 3.7 millions, or at the rate of 17 per cent. All this occurred between 1920 and 1930 while our population was still growing at a fairly rapid rate.

Between 1930 and 1940 this trend toward the metropolitan districts continued, although at a reduced rate. The 133 metropolitan districts of 1940, for which comparable data are available also for 1930, instead of growing almost twice as fast as the nation, grew only about one-seventh faster (8.2 per cent as compared with 7.2 per cent), while the districts outside the central cities grew more than three times as fast as the central cities themselves. By that I mean that the part of the metropolitan district surrounding the central city grew three times as fast as the central city itself (15.8 per cent and 5 per cent, respectively). It should also be noted that the small cities, those from 2,500 to 50,000, grew at a more rapid rate than the metropolitan districts (11.3 per cent compared with 8.2 per cent).

Unfortunately we do not know whether this more rapid growth of smaller cities represents real decentralization, since a great many of these smaller cities lie within the bounds of the metropolitan districts already referred to; and their more rapid growth may be largely a consequence of the suburban development of the larger cities. The tabulations necessary to

establish the facts have not been made. We have been working on such tabulations for some time at the Scripps Foundation for Research in Population Problems but have not yet completed them.

TABLE 2—DISTRIBUTION AND PERCENTAGE INCREASE IN THE POPULATION, URBAN AND RURAL
UNITED STATES, 1920–1940

	Per Cent of Total 1940	*Per Cent Increase* 1930–1940	*Per Cent of Total* 1930	*Per Cent Increase* 1920–1930
United States	100.0	7.2	100.0	16.1
Urban	56.5	7.9	56.2	27.3
Rural-nonfarm	20.5	14.2	19.3	17.4
Rural-farm	22.9	0.2	24.6	−3.9

A glance at Table 2 shows that during the last decade, 1930 to 1940, the farm population remained practically stationary in numbers; hence, it continued to decline proportionately. The rural nonfarm population, however, increased by 14.2 per cent. This is about twice the rate of increase of the nation as a whole, and considerably more than that of the metropolitan districts. This would seem to indicate a considerable movement of people out of cities into less congested areas. Again we cannot pass judgment on the meaning of this movement until we know where these rural nonfarm folk increased. The preliminary indications are, however, that a considerable proportion of this nonfarm increase took place within the metropolitan districts, and must be regarded as a part of the general cityward movement.

It would appear, therefore, that one's judgment as to whether the rather slight decentralization of population between 1930 and 1940, *i.e.*, the decline in the proportion of the population living in cities of 100,000 and over, from 29.6 per cent to 28.8 per cent, is of much significance will depend

largely on his evaluation of this suburban movement. Does the suburban movement in its present form mean a real spreading out of population? The writer's own feeling is that until there is a definite movement of people out of the metropolitan districts, or until the suburban districts are greatly enlarged and completely reorganized, we cannot properly consider the suburban movement as a decentralizing movement.

TABLE 3—PERCENTAGE DISTRIBUTION OF THE POPULATION, AND DECENNIAL RATES OF INCREASE, BY REGIONS UNITED STATES, 1900–1943

	Percentage distribution					
Region	*1943**	*1940*	*1930*	*1920*	*1910*	*1900*
United States	100.0	100.0	100.0	100.0	100.0	100.0
Northeast	26.6	27.3	28.0	28.1	28.1	27.7
North Central	30.1	30.5	31.4	32.2	32.5	34.6
South	31.5	31.6	30.8	31.3	32.0	32.3
West	11.8	10.6	9.7	8.4	7.4	5.4

	Rate of Increase				
Region	*1940–43**	*1930–40*	*1920–30*	*1910–20*	*1900–10*
United States	−3.1	7.2	16.1	14.9	21.0
Northeast	−5.7	4.5	16.1	14.7	22.9
North Central	−4.3	4.0	13.4	13.8	13.5
South	−3.4	10.1	14.3	12.7	19.8
West	8.5	16.7	33.6	30.4	66.8

* Civilian population November 1, 1943.

Table 3 shows the proportions of the population of the United States found in each of the large geographic areas into which the country is commonly divided, *viz.*, the Northeast, the North Central, the South, and the West. The Northeast declined a little in population according to the 1940 census and declined still more between 1940 and 1943, according to the latest estimates of the Bureau of the Census. The North Central region which includes Ohio, Indiana,

Michigan, Wisconsin, Illinois, and the farming States lying immediately west of them has been losing population proportionately almost steadily since 1900.

The South lost up until 1930. Since then it has gained a little, proportionately, while the West, in which we ordinarily include the Rocky Mountain and the West Coast States, has been gaining in its proportion during this entire period. Indeed as Tables 3 and 4 show the most striking fact in this regional movement has been the continued increase in the pro-

TABLE 4—PERCENTAGE DISTRIBUTION OF POPULATION INCREASE, BY SIZE OF COMMUNITY, BY REGIONS
UNITED STATES, 1900–1940

	1930–40	*1920–30*	*1910–20*	*1900–10*
Northeast	100.0	100.0	100.0	100.0
Places of:				
100,000 and over	23.2	50.3	67.1	55.4
25,000–100,000	27.0	15.8	9.0	23.8
2,500– 25,000	5.4	21.4	24.5	16.0
Rural	44.4	12.5	–0.6	4.8
North Center	100.0	100.0	100.0	100.0
Places of:				
100,000 and over	4.2	68.7	62.2	45.7
25,000–100,000	26.8	18.1	25.6	27.3
2,500– 25,000	39.1	13.2	15.9	20.5
Rural	29.9	. . .	–3.7	6.5
South	100.0	100.0	100.0	100.0
Places of:				
100,000 and over	18.6	41.0	35.0	15.0
25,000–100,000	20.0	13.2	12.2	10.9
2,500– 25,000	24.1	21.9	24.5	19.4
Rural	37.3	23.9	28.3	54.7
West	100.0	100.0	100.0	100.0
Places of:				
100,000 and over	26.6	47.2	33.9	39.1
25,000–100,000	12.6	12.5	13.4	1.6
2,500– 25,000	17.9	17.4	18.0	20.2
Rural	42.9	22.9	34.7	39.1

portion of our population living in the West, and the high rate of increase maintained up to the present time.

II

Let us turn now from long-term trends in population to the question of war migrations. The data available on war migration, 1940 to 1943, indicate a tremendous increase in the population of a few of our metropolitan counties,[1] as well as of a number of previously semirural counties. The movement of people during the war to well-established centers of industry has been highly selective. They have moved in largest numbers into those cities where the products manufactured for war require relatively large amounts of labor, in proportion to tonnage or volume—e.g., Los Angeles, Seattle, and San Diego for airplanes; San Francisco, Oakland, Portland, and Mobile for ships; and Detroit and many Ohio cities for heavy ordnance—rather than into cities producing basic materials for war goods. Thus the Pittsburgh metropolitan counties, with a civilian population of 2,127,000 in 1940, had only 1,960,000 on November 1, 1943, according to the census estimate from the ration books. The Detroit counties, on the other hand, grew from 2,374,000 in 1940 to 2,612,000 in November 1943. The Allentown-Bethlehem, Youngstown, and Wheeling counties, basic steel manufacturing centers, also lost civilian population during these years, as did most large steel centers; while the counties with cities making aluminum and using the steel and aluminum for war goods—Cincinnati, Baltimore, San Francisco, Seattle, Los Angeles, San Diego, Portland, and a few others—gained relatively large numbers

[1] These metropolitan counties do not include the same territory as the metropolitan "districts" already referred to but are sufficiently like them to justify comparison for practical purposes.

in spite of a decrease of 4 million in our total civilian population during these three years. Several of our larger centers of commerce, New York, Boston, and Chicago, like the centers of basic industry, also lost civilian population but to an even greater extent. On the other hand, many of the smaller manufacturing counties, with equipment adapted to the manufacture of war goods, gained in numbers.

The extent to which the war has concentrated population in a few large cities is shown by the fact that, in November 1943, the 82 metropolitan county areas, gaining in civilian population since 1940, had gained a total of 3,408,000, or 10 per cent in three years, while the other 55 metropolitan county areas had lost 1,917,000, or 6 per cent in the same period. Furthermore, about 72 per cent of this gain of 3,408,000 was concentrated in one fourth (20) of these 82 metropolitan county areas, each of which gained over 40,000. The rate of increase in these 20 areas was 14 per cent in three years. The need for airplanes, ships, and heavy ordnance will explain the growth of nearly all these larger centers and of many of the smaller cities also. The disappearance of the usual foreign trade and the decrease in consumers' goods will account for the decline in population in New York, Chicago, Boston, and many smaller trade centers. The net result of war migration, 1940 to 1943, on the population of the metropolitan counties, was to increase the civilian population by 1,490,000, or 2 per cent, at a time when the total civilian population was declining by about 4 million or something more than 3 per cent.

There is one other aspect of war migration worth noting. This is the very rapid growth of population in a number of counties having a small, almost rural, population in 1940. There were 146 such counties that gained 10 per cent in numbers in this period. Altogether their total civilian population

increased by over 28 per cent between 1940 and 1943 or a total of 1,060,000. These small, rapidly growing counties are, for the most part, those in or near which military training centers have been located, or in which explosives' and shell-loading plants have been established, or in which new industries such as magnesium, aluminum, and shipbuilding have been set up. They are communities in which some kind of direct war service is being rendered which can be carried out better in a thinly settled area than in a metropolitan area, or where access to raw materials and power have determined plant location.

III

Although we cannot say with any certainty what will happen to any of these war-swollen communities when peace comes, several considerations may be adduced which should be helpful in trying to forecast the future distribution of population.

In the first place, when peace comes, those communities which have grown very rapidly, purely as a result of new war industries, are likely to lose population at an almost equally rapid rate. One may mention the rural counties just referred to, in which large army camps or air fields are located; also those chosen as the sites for shell-loading plants, and the manufacture of explosives. Only a little less likely to suffer sudden decline in population are the centers where merchant shipbuilding has been greatly expanded, and where the manufacture of warplanes constitutes one of the major activities. In the case of airplanes and shipbuilding, in contrast to explosives' plants and army camps, it would seem possible to convert the facilities to the making of commercial products of the same type or even to the manufacture of other civilian goods; but there will certainly be a great excess capacity in

both lines. Hardly any one doubts that if we go on at anything like our present rate of production of ships, we shall have a merchant marine far larger than the postwar world needs; and we shall not be able to use civilian planes at the rate at which we manufacture war planes at present.

But while Los Angeles, San Francisco, Seattle, Portland, and a number of other large cities may lose population rapidly in the immediate postwar years, they will not be deflated to anything like the same extent as the smaller war-boom communities. They might even retain some of their growth if they could organize new industries; but this would involve a degree of community cooperation such as we have never yet had in this country—a degree of cooperation beside which all previous efforts of chambers of commerce would fade into insignificance. Indeed, in the writer's opinion, only the entry of our western States into the field of State ownership of certain basic industries will enable the West Coast to maintain the industrial position it has gained during the war. The big magnesium plants that have been established in the West and the big steel plant near Salt Lake City are generally believed to be uneconomic; that is, they are unable to compete profitably with other plants in other places. They could only be maintained if they were taken over and managed by some public authority which was willing to subsidize them.

On the other hand, as regards the immediate postwar decentralization of population, it would appear that most large new plants and additions to plants which can be readily converted to peacetime production, except those which had to be located near sources of power or raw materials, have been located either in, or near, large industrial centers or attached to large factories already in existence. This is true, for example, of the motor plants in Detroit and the Detroit area

such as the Packard plant, the Hudson plant, and the huge Willow Run factory. Hence a considerable part of the facilities for increased production after the war are so located that they will tend to perpetuate the wartime centralization of population although, as just noted, certain of the cities in or near which these new plants are located may lose population because of the decline of the industries in which they have specialized and their inability to convert to the production of civilian goods in competition with longer established businesses.

Also making for the perpetuation of the wartime centralization of population is the fact that war contracts have been concentrated in the hands of relatively few large concerns. It is true that these have done some subcontracting; but they have also undertaken many specialty jobs, which they had not handled previously, and they have retained the lion's share of the profits by demanding and getting more liberal compensation from the government than they were willing to accord to their subcontractors. Thus they have enlarged their productive capacity, have built up financial reserves, and accumulated the tax credits which will enable them to convert quickly to peacetime production and on a larger scale than formerly. In contrast to the strong financial position of these large businesses many small plants have already closed up and many others, which were fortunate enough to operate throughout the war, will succumb at its close because of the lack of financial ability to convert to regular production unless they are given a long head start. Once having lost their more or less local market, they will find it very difficult to gain a new market in competition with the large concerns having long purses which have enabled them to advertise heavily during the war.

To sum up this part of the discussion, I will say that I do not expect many of the factories established in small localities to survive after the war. They are not integrated into our economy. To survive they will not only have to turn to making products with which their management is unfamiliar, but they will have to meet very severe competition from larger concerns which have had long experience in supplying the civilian market. Besides, these new plants are in many cases now operated by the big concerns which will have a surplus capacity when the war is over. I can see no reason why new plants in California or Texas or Utah should be kept in operation after the war by corporations which already had adequate productive capacity in the East before the war unless the volume of postwar production is greatly in excess of prewar production.

On the whole, therefore, I do not look for any great regional change in industrial activity despite the claims of some westerners, particularly Los Angeles and San Francisco people, who seem to have the impression that most of our industry will move to that region in the future. For my part I cannot see the economic justification for any such movement. Indeed it seems to me that the war has probably given a sharp setback to the decentralizing trend which seems to have begun between 1930 and 1940, although this beginning of decentralization may have been a depression phenomenon rather than in the line of normal economic development.

Another factor which may be of some importance in determining the postwar distribution of population is immigration. In 1913, for instance, almost one half of the total annual increase in population came from net immigration; and after the First World War, around 1924, about a third of the annual increase came from net immigration. Now if we should admit

immigrants on the basis of present quotas totaling about 150,000 annually, or at a much higher rate as many people are urging, it is quite likely that the large cities of the Atlantic seaboard and the Great Lakes would again claim the major share. Immigrants have always tended to stop near the seaboard in large numbers, and then have followed the path west along the Great Lakes; and I see no reason to suppose that this general pattern would not be followed if we had any considerable immigration after the war. This would help to maintain the centralizing trend in population distribution which has so long characterized our rural-urban movements. I would make it clear, however, that I have strong personal doubts about our willingness to allow even present quotas to stand, unless we have a long-sustained period of prosperity following the war. All that I can find out about public sentiment on the matter of immigration leads me to look for a reduction of quotas rather than an increase. Hence, I am inclined to doubt that immigration will be a very important factor in determining the postwar distribution of population regionally, or as between country and city, or as between large and small cities.

IV

I cannot close this discussion of the shift of population or its future distribution without mentioning military considerations since, in my judgment, they represent the one force great enough to counteract the powerful tendency of big business to keep economic activity concentrated in a relatively few large cities. Such considerations may appear remote from us today and of relatively little importance, but I do not think we ought to overlook them.

Military considerations undoubtedly will play an important part in the distribution of Europe's population in the post-

war period. They have already been applied in the Soviet Union. It always surprises me that people in this country marvel at the way in which the Soviets kept on going when the Ukraine was destroyed. Any one who had been to Russia and who had talked to Russians knew very well that they did not intend to have their industry invaded. They had taken all that into account before the war; and while they kept up and even added to the industry in the older areas they said as early as 1930: "We are building our new industry in the East. It will not be destroyed by airplanes and attacking armies will never reach it." Everybody was told that; there was no secret about it. I spent several months in Russia in 1930 and I heard it over and over and over again, and talked with literally dozens of people who told me about many plants which were being built far beyond the range of airplanes. It turned out to be so; and there was really no cause for the surprise of newspapermen and others when Russia continued her effective resistance after the invasion of her borderlands. The Soviet Union has already discounted bombing from the air in a large measure; and, undoubtedly, when Europe is rebuilt after the war, military considerations will be very weighty. Such considerations will almost certainly have a profound effect on the distribution of population in Europe and in Japan.

But it seems rather doubtful to me whether they will play an important role in the determination of our own postwar industrial structure. We have not been bombed from the air and are not likely to be in this war. If we had seen Pittsburgh and Gary suffer as have Essen and Duesseldorf, and New York blasted as Berlin and London, we might well plan to disperse our industry and commerce in smaller units in smaller centers. But with the strong economic factors mentioned above working for greater concentration of both plants and

financial control, and military considerations playing a negligible role, the technological factors making for dispersal, such as electricity, the telephone, and the internal combustion engine, are likely to become effective rather slowly in this country.

REFERENCES

For a broad background discussion on world population problems and trends, the reader is advised to consult some of Dr. Thompson's own books. These include *Danger Spots in World Population Movements* (New York: Alfred A. Knopf, 1929, 343 pages); *Population Problems* (New York: McGraw-Hill Book Company, Inc., 1930, 462 pages); and especially his most recent book, *Plenty of People* (Lancaster: Cattell, 1944, 246 pages). The latter is written for the layman and provides an excellent backdrop for a consideration of the role population problems will play in postwar world organization. Other significant volumes on population include Paul H. Landis, *Population Problems, A Cultural Interpretation* (New York: American Book Company, 1943, 500 pages) and Henry P. Fairchild, *People: The Quantity and Quality of Population* (New York: Henry Holt and Company, 1939, 315 pages).

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